



City of Westminster

Cabinet Member Report

Decision Makers:	Cabinet Member for Finance, Property and Regeneration and Cabinet Member for Housing Services
Date:	22 January 2019
Classification:	General Release save for Part B – exempt from publication
Title:	300 Harrow Road (Warwick Community Hall) Outline Business Case
Wards Affected:	Westbourne
City for All:	See below
Key Decision:	No
Financial Summary:	<p>The Council's capital programme includes a capital budget of £46.9m for Warwick Community Hall as one of the exemplar schemes for delivery through the Council's Wholly owned housing company, WHIL.</p> <p>An Outline Business Case (OBC) for the scheme has been completed, and identifies a budget requirement of £59.9m, an increase of £13.0m (Appendix 2).</p> <p>This paper requests approval to spend an additional £8.75m to proceed to Full Business Case (FBC), increasing the total approval to £9.55m. The items covered by the budget are set out in Part B table 7 (Appendix 1).</p>
Report of:	Barbara Brownlee, Executive Director (Growth Planning and Housing)

1. Executive Summary

1.1. This paper sets out proposals to provide additional new homes, community facilities and green space improvements at 300 Harrow Road, which is an underused site on the edge of the Warwick Estate between Harrow Road, the Regents Canal and the Westway in Westbourne Ward.

1.2. The site currently comprises the Warwick Community Hall and Harrow Road Nursery. These two low rise buildings, the surrounding land and car park are owned by Westminster City Council, therefore this site offers a cost effective opportunity to upgrade the community amenities and deliver new mixed tenure homes to meet the housing needs of local people.

The proposed scheme will provide:

- a new community hall;
- a purpose built nursery;
- family sized affordable rent homes;
- intermediate rent (below market rent) homes;
- private homes;
- affordable workspace;
- a canal side café; and
- significant landscaping, opening up the canal.

1.3. The proposal will not require any existing tenants to leave their home. Suitable alternative space will be found for the community space users and current nursery users.

1.4. The Outline Business Case has been recommended for approval at Capital Review Group, confirming the project is providing Value for Money (VfM) and is considered financially viable from a capital and revenue perspective.

1.5. The outline business case provides options for decisions, and recommends;

- To develop the scheme with 49% affordable housing.

- To develop homes for private sale to provide a cost neutral mixed tenure scheme, with the option to offer these as private rental if later deemed preferable given market conditions
- To deliver the scheme through the Council's wholly owned company - Westminster Housing Investments Limited (WHIL) and its subsidiaries.

2. Recommendations

- 2.1 That Part B of this report be exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A Part 1, paragraph 3 (as amended), in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 2.2 That Cabinet Member for Finance, Property and Regeneration and the Cabinet Member for Housing Services Agree:
- 1) The Outline Business Case for the 300 Harrow Road scheme on the basis that there is an opportunity to deliver a housing led scheme in line with the Council's strategic objectives.
 - 2) That Option 5 is the Preferred Way Forward for this development site. Option 5 outlines a scheme with 49% affordable housing (based on floorspace) which will be delivered through the WHIL in a single phase;
 - 3) The number and tenure of affordable housing units proposed delivers good value for the Council;
 - 4) Approval to spend an additional £8.75M in the Housing Revenue Account (HRA), increasing the total approval to £9.55m, to take the project to Full Business Case (FBC) stage, which will be recovered in full from WHDL upon signing of the Agreement for Lease;
 - 5) Development of the scheme will be delivered through the WHIL and WHDL, with work carried out by Council officers and recharged to the WHIL;
 - 6) To delegate authority to the Executive Director of Growth Planning and Housing in consultation with the Bi-Borough Director of Law to appropriate for planning purposes the site shown edged red on the attached plan (see Appendix []) comprising the Warwick Community Hall, Harrow Road Nursery and car park, and to exercise powers under section 203 of the Housing and Planning Act 2016 to override third party rights.
 - 7) To delegate authority to the Executive Director of Growth, Planning and Housing to enter into a Section 106 Unilateral Undertaking. The report sets out details and reasons for this undertaking.
 - 8) To agree that Westminster City Council, WHIL and WHDL can enter into contracts as necessary to Final Business Case, including for pre- contract design and enabling works.

3. Reasons for the Decision

Outline Business Case

3.1. The site at 300 Harrow Road provides a valuable opportunity to deliver new homes, jobs and community facilities for local people. The site comprises the Community Hall and Harrow Road Nursery. These two low rise buildings, the surrounding land and car park are owned by Westminster City Council, therefore this site offers a cost effective opportunity to upgrade the community amenities and deliver new mixed tenure homes to meet the needs of local people.

The proposed scheme will provide:

- a new community hall;
- a purpose built nursery;
- family sized affordable rent homes;
- intermediate rent (below market rent) homes;
- private homes;
- affordable workspace;
- a canal side café; and
- significant green landscaping, opening up the canal.

3.2 The outline business case is provided in Part B and provides the options appraisal leading to the development of the preferred option which provides the maximum social housing based on income from the private units.

Development of the scheme in the WHIL

3.3 The reason for proposing to develop the scheme in the WHIL is that it enables the Council to be able to hold and manage intermediate rent units which are an affordable rent product. The WHIL is also a form of self delivery, enabling the Council to retain any additional income generated from development.

Land appropriation for planning purposes

3.4 The development at Warwick will greatly contribute to improving the Economic, Social and Environmental credentials of the local area, and for this we are proposing to appropriate the land for planning purposes to take forward the scheme.

3.4.1 Economic Well Being of the area

- a. Enhancing local employment opportunities i.e. the creation of construction jobs, apprenticeship opportunities and business start up opportunities in the affordable workspace;
- b. Providing the Council with additional affordable housing.

- c. The project will regenerate a site comprising of a nursery, a community hall and a car park by providing 112 new mixed tenure homes, landscaping of the surrounding area - including play facilities for children, a new community hall, a new nursery, affordable workspace and a café.

3.4.2 Social Well Being of the area

- a. The new development will contribute to much needed housing of all tenures in the city by providing 112 new homes, with 49% being affordable homes at lower quartile rent levels, and with the new social homes being large family homes to meet demand from overcrowded families. There is high need for additional family sized accommodation, and a demand for affordable housing for working sons and daughters to move into.
- b. The project will improve local health and well-being through provision of a community hall, improvements to reduce poor air quality and improvements to the canalside to encourage walking and exercise.

3.4.3 Environmental Well Being of the area

- a. The development will provide extensive landscaping of the area including new play facilities for children, and improvements to the street area with a wider pavement, seating, trees and soft planting to reduce the impact of the heavy traffic along Harrow Road;
- b. sustainable buildings with a green roof, using renewable energy sources; and
- c. the provision of affordable workspace to boost the local economy for start up businesses.

3.5 Appropriating the land is recommended in order to deliver much needed new homes in the community, and to replace the existing facilities with new fit for purpose buildings. The existing nursery and community centre are both well used by the community, however the buildings are in poor condition and require updating. The proposal will replace both of these facilities with high quality new premises and in addition it will deliver new homes. Alternative accommodation will be identified for all of the users of these facilities including a temporary nursery portacabin.

Approach to rights of light

3.6 The principles underlining Council's current approach to dealing with Rights of Light injuries comprise an extensive engagement with the affected parties, the making of fair compensation offers supported by professional advice and allowing affected parties a sufficient period to negotiate and accept compensation. The table from below compares the current approach with the proposed approach.

Current Approach	Proposed Approach
Obtain member authority to appropriate and use s203 powers and seek any ministerial consents	Obtain member authority to appropriate and use s203 powers and seek any ministerial consents
Approach affected parties	Approach affected parties

Conduct internal surveys or make repeated attempts to do so	Conduct internal surveys or make repeated attempts to do so
Make fair offers to compensate and start negotiating compensation	Make fair offers to compensate and start negotiating compensation
Finalise the negotiation process	Use s203 powers before start on site
Enter into deeds of release	Finalise negotiation process
Use s203 powers before start on site	Enter into deeds of release

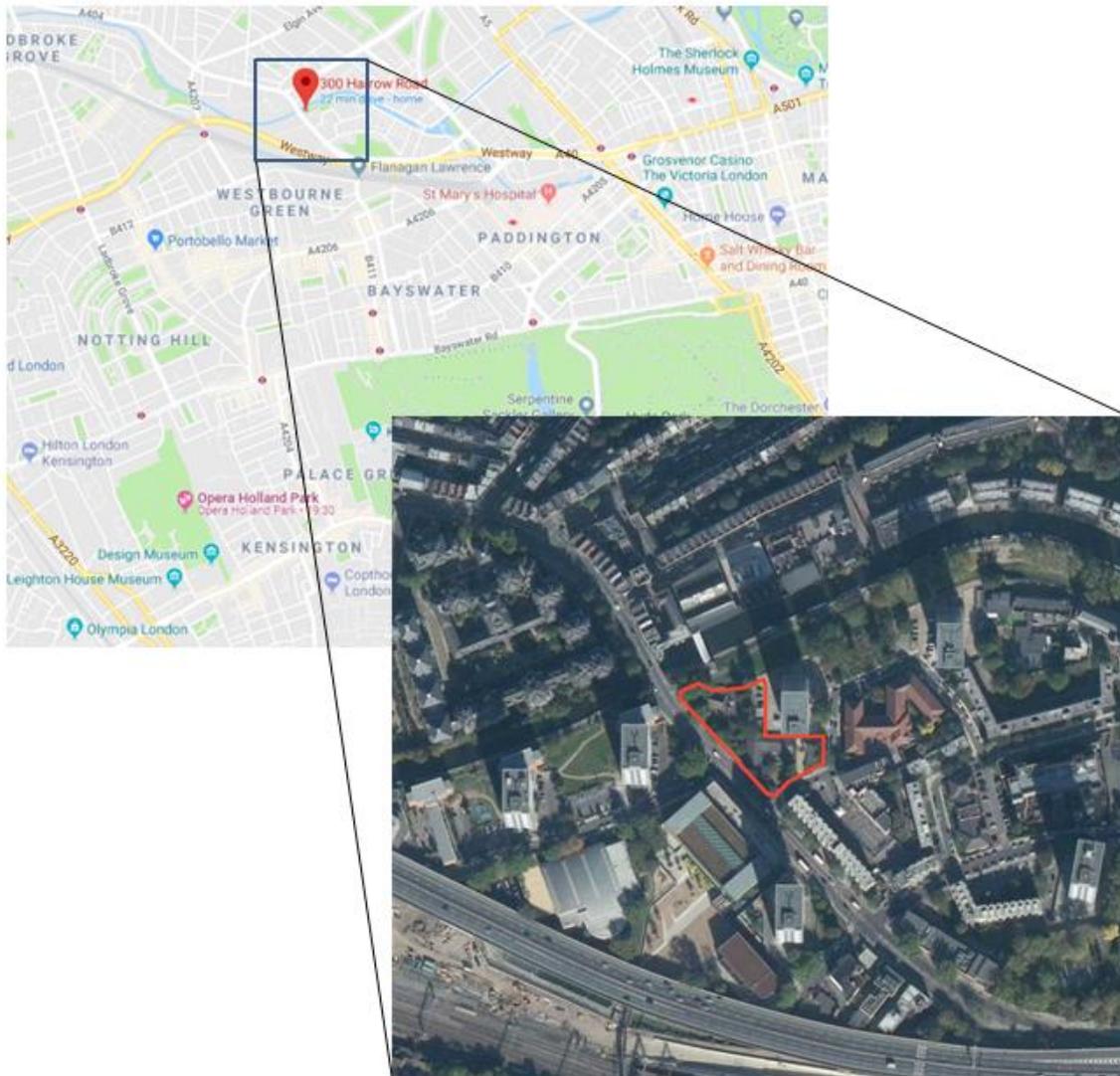
- 3.7 The proposed approach seeks to allow the use of section 203 powers to override third party rights including Rights of Light after fair compensation offers are made in respect of Rights of Light injuries and where the negotiations protract before the finalising of the negotiation process. The level of compensation which may be agreed will not be affected by the proposed approach.
- 3.8 Under the proposed approach affected parties will have access to compensation for a significant period of time being at least the standard limitation period of 6 years after the granting of planning consent.
- 3.9 The proposed approach enables the Council to make better use of public finances by ensuring the scheme is delivered in good time.

Outline Business Case

- 3.10 The Outline Business Case (OBC) models the options to deliver 35% as required by Westminster City Council planning policy or 49% affordable housing (by floorspace) which is above the required policy. It is recommended to proceed with option 5, to develop the site with 49% affordable housing. It is also recommended that the remaining units to be sold privately, however not discounting the option of the units being let to private tenants depending on market conditions at completion. Developing the scheme with maximum affordable homes helps deliver the Council's objectives in City for All to deliver new affordable homes.
- 3.11 £8.75m is required is to cover the cost of consultants to carry out the detailed design works, enabling works and any payments required during the planning process. This includes the cost of interior design, detailed construction design, payment of CIL and S106 payments by the WHIL, and carrying out some pre-contract utility diversions and demolition. This will enable the development to go ahead in good time. Local residents on Warwick Estate have faced recent disruption due to cladding and fire safety works. Secondly, as a debt funded project, if the programme runs over time that impacts on the cost to the Council. Therefore, the enabling works will help to keep the programme timescales on track.

4. Background

- 4.1 Initial proposals for the site have been developed up by officers and have engaged relevant partners including staff at the nursery, community hall users and local residents.
- 4.2 The site is located in the north of the borough in Westbourne Ward between the Canal, the Westway and Harrow Road



- 4.3 Public consultation has taken place on these proposals which has included
- Resident consultation on main project- 4 exhibitions took place (weekend & evening)
 - Resident design session
 - Stall at Westbourne Festival

- Resident consultation on temporary nursery proposal – 2 sessions
- Specific nursery parents and staff consultation on temporary nursery proposal
- Specific S105 consultation for secure tenants

In addition there is a website and email address for comments.

4.4 The Outline Business Case has been recommended for approval by the Capital Review Group and approved by Westminster's wholly owned company (WOC) Westminster Housing Investments Limited (WHIL) board for approval.

5. Strategic Case

5.1 Warwick Community Hall is a site that has been identified within the Westbourne Green Neighbourhood as having the potential to deliver much needed new housing for the borough. The site currently consists of two single storey buildings which house the Warwick Community Hall and the Harrow Road Nursery and a number of parking spaces to the west of Wilmcote House. The scheme proposals and mix of homes have been developed in line with relevant planning policies.

5.2 Development on the site may also contribute to the wider place making plans for the Harrow Road area which includes the towpath along the canal from Ladbroke Grove to Paddington Basin. The Harrow Road place plan seeks to develop points of interest along the canal to improve the walking route. Development on the Warwick Community Hall site may help create more of an identity for the walk along the canal increasing footfall and improve security. The scheme plans to improve the landscaping in the immediate area.

Provision:

Nursery

The Harrow Road Nursery School is a single storey building located on the south of the site facing on to Cirencester Street, it is Westminster Council General Fund asset leased to The London Early Years Foundation (LEYF) group, a not-for-profit owned company operating across 11 boroughs in London. The nursery can accommodate up to 48 places for children aged from birth to 5 years and is run by 12 staff members, Monday to Friday 8am to 6pm.

Community Hall

The Warwick Community hall is a single storey building situated on the north of the site and is managed by Westminster Homes. The venue has wheelchair accessible facilities including a hall, kitchen, toilet and outdoor area and can accommodate up to 100 people. It is available Monday to Friday from 9am to 9pm, and Saturday/Sunday from 9am to 11pm to hire for private social functions and community events including:

- Open Age
- Aikido
- Family Project – Paddington Development Trust

- Fitness Classes

We are working with the Westminster Community Halls team, and the users mentioned above to find alternative accommodation.

Design Development

- 5.3 Officers have been working on the design for this site. This has included considering the policies of both the Westminster Planning Team and the Greater London Authority Planning Team.
- 5.4 The key objectives of the design are to provide the maximum amount of residential accommodation, while also re-providing the community hall and nursery and improving the landscaping of the area to the west of Wilmcote House and access from Harrow Road to the canal. Specifically, the scheme comprises three separate blocks of 112 units.

Current design status:



- 5.5 Blocks A and B are joined at ground floor level where the affordable workspace and proposed café will be located. The re-provided community hall is located at the lower ground level of Block B while the re-provided nursery is at the ground floor of Block C, with separate access to the residential units above.
- 5.6 During the design period, we have involved the key stakeholders for the various elements of the scheme, most notably the affordable workspace on the ground floor, the nursery and the community hall.

Affordable Workspace

- 5.7 In order to create a diverse, mixed-use community at the site, we are including an area of affordable workspace at the ground floor level of Blocks B and C. Benefits to providing affordable work space in this development include:
- Job opportunities for local residents in the new start-ups working from the space;
 - Affordable work space for self-employed residents;
 - Contribution to the cultural economy if space serves creative industries.
 - Increased footfall for the Harrow Road and Canal leading to reduced antisocial behaviour

Community Hall

- 5.8 The existing community hall is a single storey building with small kitchen facilities and in need of light refurbishment. In designing the new community hall, we have considered the needs of the regular users as well as those who are more infrequent.
- 5.9 The space is still on one level and larger than the existing community hall, we have also considered storage spaces for equipment of the regular users as well as adequate kitchen facilities for infrequent users who tend to require the space for birthdays, religious celebrations and other large events. Based on consultation responses we have included elements such as storage lockers, showers and a sound system, as well as soundproofing the space so as to limit the impact to surrounding residents.

Nursery

- 5.10 Both the re-provided nursery and the temporary block have been designed in consultation with property services, children's commissioning and with LEYF, the current provider of the nursery.
- 5.11 In terms of design, LEYF have provided insight into how the space is used as a nursery facility as well as providing current and projected occupancy figures. Specific design ideas which have been incorporated following consultation with LEYF include:
- Larger pushchair/storage room
 - Sensory room
 - Sensory garden
 - Laundry room
 - Correct space allocation per age group
 - Consideration of ideal toilet location and access.
- 5.12 We have also had regard to both OFSTED regulations and the most recent OFSTED report for the nursery to highlight any positives or negative attributes of the current building which could be incorporated.
- 5.13 As well as LEYF, we have consulted children's services internally at Westminster to ensure the design meets with longer term needs.

Risks

- 5.14 A number of risks still remain and will require monitoring and mitigation during the lifecycle of the project. A full risk management strategy is being implemented on the scheme and regular risk workshops are being held. A full risk register is in place, however below is a list of the key risks to the project along with proposals for mitigation.

Table 5

Risk	Description	Likelihood	Impact	Mitigation Plan
Private Sales Units	Status of the property market at point of sale is unknown.	Medium	High	The best approach will be selected based on market conditions.
Debt – Funded Project	The scheme will be the first development to be delivered by WHIL, which is funded by debt. Programme delays would lead to higher finance costs, which would affect the whole businesses affordability.	Medium	High	The project will be monitored closely in order to better foresee and mitigate programme or cost changes.
First development to be delivered by the WHIL	As the first project to be developed by the WHIL	High	Medium	Extensive external advice has been sought and will continue to be sought throughout the project, especially regarding any legal and financial issues arising.
Statutory Utilities diversion and reinforcement	Utilities have been identified that will require work.	High	High	The diversion works will be carried out as soon as possible, potentially via an enabling works package.
Unknown Restrictive Covenants	A number of restrictive covenants have been identified.	High	High	Indemnity insurance will be put in place if available to insure against any possible future claims.
Temporary Nursery Development	Providing a temporary development inconveniences the operator and users of the nursery and requires a separate planning application	Medium	High	Early engagement with planning officers through pre-app meetings as well as consultation events with residents.
Potential Ground Contamination	There could be ground contamination within the site area which	Low	High	Ground investigation surveys have been carried out. Results suggest there are no specific areas for concern.

	has not been identified yet			
Footpath across the site	A footpath through the centre of the site has been identified.	High	High	The land will be appropriated for planning thereby extinguishing private rights to use the footpath and may need to be stopped up if the footpath is a public right of way.

5.15 Project Dependencies

There are some key elements of the site on which the success of the project is dependent on. These have been identified at an early stage and their impacts and ongoing mitigation is explored here:

Relocation of the nursery

The success of this project is dependent on a suitable temporary relocation for the nursery. A number of options have been considered however the proposed solution is to relocate to an area of open space adjacent to the Edward Wilson School.

The proposed nursery re-location site is shown below, this site has been approved by LEYF and was previously used by WAES as a temporary location. Parents using the nursery have been consulted on the temporary plans, and in response to their comments we will seek to make the outside of the building more attractive to smaller children.

Location for relocation of Nursery:



We have also agreed a preferred timeline for the relocation to ensure the least amount of impact to staff and users as possible and will continue to consult with them to receive advice on the required approvals, such as health and safety and OFSTED, for the new building.

Overall, the feedback from the stakeholders has been positive, with the community hall and nursery being re-provide as modern, fit-for-purpose space which is better aligned to current and future needs.

In terms of the wider public, it was recognised that the site was underutilised, and the high percentage of affordable housing was positive. Furthermore, positive response were noted regarding the new nursery, community space and the landscaping proposals being highlighted.

For the negative responses, key concerns related to overlooking and loss of privacy for residents in neighbouring Wilmcote House and concern on the pressure of new residents on existing services and transport. Designs were amended in response to the feedback from residents- balconies were inset and repositioned to reduce overlooking.

Proposal to develop this site through the wholly owned company, Westminster Housing Investments Limited.

This site has been identified as a potential development that could be undertaken by the Council's wholly Owned Company whose subsidiaries include Westminster Housing Investments Limited and Westminster Housing Developments Limited due to the mixed tenure nature of the scheme.

The benefit of delivering through a company owned by the Council is that it allows the Council through the Company to undertake commercial activities such as to let intermediate tenure properties, and sell long-leasehold properties. It also enables the Council to develop a higher percentage of affordable housing than might be attractive to another developer. Additionally, it ensures that any additional financial value generated through development will flow back to the Council.

The project has also been presented to the WHIL Board to get their input into design and tenure decisions and collaboration with finance and legal representatives.

If delivery through the WOC and its subsidiaries is agreed as the preferred way forward for this site an agreement for lease will be signed with Westminster Housing Development Company (WHIL's subsidiary) to develop the homes. The social housing will be purchased by the Housing Revenue Account, the commercial units will be held in the General Fund, and the sale and rental of the private and intermediate rent units will be managed by the WHIL. The freehold for the land will be retained by Westminster City Council in the General Fund.

GLA Funding

The site has been approved for GLA funding. This is to be paid in two tranches at the start and end of the construction period.

Conclusion

5.16 Warwick Community Hall and the Harrow Road Nursery has a prominent location on Harrow Road and the canal; however the existing arrangement does not take full advantage of the Council's assets in this area or contribute fully to the City for All priorities and programmes.

5.17 Redevelopment of the site will provide a substantial net gain of new homes, including affordable homes, without the loss of any existing units or requirements for tenants to move home. The development will also improve the Westbourne stretch of Harrow Road by creating a more pleasant frontage onto the High Street. It will also protect and improve the canal side and green space making it a safer environment for residents and visitors to enjoy. In addition, development will help create additional job prospects and opportunities for local businesses to develop.

6. Economic Case

Economic Appraisal

- 6.1 The project team have tested two scenarios, based on the options available for disposal of the private units. Both options are based on a scheme of 112 units with community space, as well as ground floor nursery and affordable workspace at a discounted rent.
- 6.2 Option 4, as above, tests the private product being held as Privated Rented Sector (PRS) units, while Option 5 tests the case where the private units are sold off on the open market.
- 6.3 In both scenarios, the social rented units remain in the Housing Revenue Account and the intermediate units are held and managed by the WHIL. The construction costs are based from the Quantity Surveyors cost plan, alongside the forecasted development costs to include rights of light compensation, contingency and professional fees.

Preferred Option

- 6.4 The preferred option is Option 5. It has a better economic case with a higher Internal Rate of Return and also a higher Profit on Gross Development Value. These metrics will be further explored within the financial case.

6.5 Benefits Realisation

The table below analyses the identified benefits against the shortlisted option, we have ranked the options according to how they best realise the particular benefit:

Table 13

Benefit	Option 1 – Do Nothing	Option 2 - 35% affordable housing with the private units held as a PRS product	Option 3 - 35% affordable housing with the private units sold on the open market	Option 4 – 49% affordable housing, with the private units held as a PRS product	Option 5 – 49% Affordable housing, with the private units sold on the open market
Meet Capital Expenditure for the project	5	1	1	3	3
Improvement and enhancing the Westbourne Green Neighbourhood and local area.	5	1	1	1	1
Provision of new housing including affordable housing.	5	3	3	1	1
Improvement of the nursery facilities	5	1	1	1	1
Scheme is considered acceptable by Planning department	5	3	3	1	1
Overall	5	3	3	1	1

Option 1 is considered the least favourable option in terms of meeting the objectives as it does not deliver any new housing or improvement of the nursery or local area.

Options 2 and 3 perform well across the majority of the benefits, as they would meet and probably exceed capital expenditure for the project. These options would also improve the nursery and local area, however would not provide the maximum amount of affordable housing and also would not be acceptable to GLA planning requirements.

Options 4 and 5 perform best when measured against the benefits. They improve the local area and the nursery facilities as well as providing the highest amount of affordable housing. These schemes will be considered the most acceptable by the planning department owing to the affordable housing percentage being proposed, however they will meet capital expenditure and not exceed it.

6.6 Conclusion

To conclude, Option 5, being a 49% affordable housing scheme with the private units sold off on the open market at completion is the preferred option. It is worth noting the various ways of assessing affordable housing percentage which are followed by Westminster City Council and The Greater London Authority. For transparency we have shown below how the preferred option meets the various criteria:

Affordable Housing Policy	Method of Measurement	Private	Social	Intermediate
Current Westminster City Plan	Gross Internal Area	65%	21%	14%
Proposed Westminster City Plan	Gross Internal Area	65%	14%	21%
Greater London Authority	Habitable Rooms	50%	15%	35%
Current Proposal	Gross Internal Area	51%	20%	29%
Current Proposal	Habitable Rooms	50%	22%	28%

7. Commercial Case
Procurement and Delivery Strategy

- 7.1 The strategy for procurement of a main contractor for this site is fundamental to the successful delivery of the project in line with programme, quality and cost aspirations. If the decision is made for the WHIL to deliver the scheme, the contract will be novated to the WHDL.
- 7.2 Following a detailed analysis of the project requirements and market testing of the contracting market, the project team (development, construction, procurement & external cost consultant) are recommending a two-stage tender, resulting in the appointment of a contractor to complete the design and carry out construction works.
- 7.3 Under a two-stage tender, the contractor is appointed based on their ability to deliver the project alongside an evaluation of their overhead costs. This contractor then joins the project team to complete the detailed design and carry out the procurement of the

individual construction packages.

- 7.4 This approach also assists with identifying enabling or early works packages that can be tendered in advance of the overall construction. Within this project, it is envisaged that the utility diversions, demolition, excavation and site setup can be procured in this manner.
- 7.5 Gate 1 (procurement strategy) for this approach to contractor procurement has been approved by Procurement Assurance Board and the team have completed a process of shortlisting contractors from the Southern Construction Framework prior to Stage 1 tender.
- 7.6 Value for money will be ensured by the robust evaluation of first stage contractor tenders- on both a quality and commercial basis. Agreement of the second stage tender sum will be carried out via open book package procurement with analysis carried out by the client-side cost consultant.
- 7.7 As part of the final appointment, in order to reduce risk for the council, a performance bond or parent company guarantee may be sought from contractors.

Sales Strategy

- 7.8 A red book valuation was undertaken by Jones Lang LaSalle which included the Gross Development Value of the proposed development, furthermore we have instructed a sales pricing exercise from Knight Frank which has also helped to guide the design process of the private sale units. This has included reviewing the proposals in line with comparable schemes in order to understand achievable net sales values within the area.
- 7.10 In the next phase, an external consultant will be procured to provide residential development consultancy advice, which will also include formulating a sales and marketing strategy to maximise the revenue from the private flats. As part of the appointment, the consultant will be instructed to provide the following services:
 - Benchmarking evidence of appropriate comparative schemes to support specification and pricing
 - Provide analysis of the internal layout of residential units
 - Suggest suitable residential amenities
 - Provide advice on specification of communal areas
 - Provide advice on abroad and/or domestic market
- 7.11 In addition, an agent will be appointed to manage the sales process from reservation through to exchange, completion and handover. The sales agent will provide weekly reporting to the Council on sales process and advise on achieving the best price for all units.
- 7.12 Throughout this process, the design of the units, the mix and sizes have ensured that the scheme is appropriate for both Option 4 (being held as private rented properties by the WHIL) or Option 5 (disposing of the units). Red Book valuations will be instructed at regular intervals throughout the build programme and will provide an opinion of both rental value and sales values for the units within the scheme. The reports will indicate

at the earliest opportunity if the market changes substantially and a different strategy is required.

8. The Financial Case

- 8.1. The financial case illustrates the capital and revenue costs of the proposed option and how it will be financed. As the scheme is proposed to be delivered by the Westminster Housing Investments Limited and its subsidiaries the finance case also considers the company's financing, tax and lease structure.
- 8.2. The Financial Implications, which are included as part B to this report summarise the finance case.

9. Management Case

Set out below is the expected ownership/management structures for the various areas of space. The freehold will be held in the General Fund with the Intermediate units leased to the WHIL, the social units to Westminster City Council's Housing Revenue Account and the Commercial units will remain in the General Fund.

Area	Owned	Managed
Private Residential	WHDL Long leasehold to purchasers	Housing management company Lease sets out repair obligations and service charge requirements.
Intermediate	WHIL	Properties will be held in the WHIL, and managed by a Housing Management Company
Social Housing	Lease to HRA	Properties will be in the HRA.
Affordable Workspace	General Fund	An affordable workspace operator will be procured
Nursery	General Fund	Corporate Property manage the lease. Children's Commissioning will identify the tenant.
Community Hall	Lease to HRA	Properties will be in the HRA
Café	General Fund	Corporate Property Services will manage the commercial lease. The preference is for the affordable workspace operator to manage this.
Landscaping	General Fund	The housing management company will maintain grounds for all occupants.

10. Requested Budget

- 10.1 As part of the decisions required by this OBC, approval has been requested for the expenditure of an additional £8.75 million in order to continue the project to Full Business Case. The breakdown of this budget is as below:

Services and Required Outputs

Various appointments have been made to cover the design and survey work required to take the scheme from feasibility to planning and on to RIBA stage 4. These services include;

- MDDT – managed by Charles Graddon Lewis Architects
- Quantity Surveyor – Ward Williams Associates
- Sales Advice – Knight Frank
- Employers Agent – Arcadis to be instructed imminently

Through RIBA stage 4, the following appointments will be required;

- Interior Architect to work with the contractor to ensure the specification is appropriate for the scheme
- Sales and marketing agent
- Party Wall Surveyor

A breakdown of the proposed expenditure budget is included in table 7 in part B of this report.

11. Legal Implications

- 11.1 The principal power available to the Council for the project is the general power of competence under section 1 of the Localism Act 2011.
- 11.2 Where the Council is carrying out this project primarily for a commercial purpose then under s4 of the Localism Act 2011, it must do so through a company. As such the intention to deliver this project through the Council's wholly owned company (WHIL) satisfies the requirement of Section 4 of the Localism Act 2011.
- 11.3 Section 122 of the Local Government Act 1972 (LGA 72) provides the Council with a power to appropriate land for any purpose which it is authorised under any enactment providing that land is no longer required for the purpose it was held immediately prior to that appropriation. Section 227 of the Town and Country Planning Act 1990 authorises the Council to acquire land by agreement for planning purposes.
- 11.4 Under section 19(2) Housing Act 1985 (HA 85) the Council may appropriate HRA land where there are no dwelling houses without seeking the consent of the Secretary of State but the Council cannot appropriate for planning purposes prior to obtaining a planning consent in relation to the proposed development.
- 11.5 A local authority can override easements and other rights in land that has been appropriated for planning purposes under section 203 of the Housing and Planning Act 2016 (HPA 2016), subject to payment of compensation under section 204 of the HPA 2016. The exercise of the power under section 203 of the HPA 2016 is subject to a number of conditions:
- 11.5.1 Planning permission must have been obtained for the building or use of the land.
- 11.5.2 The Council could acquire the land compulsorily for the relevant building work.
- 11.5.3 The building work is for purposes related to the purposes for which the land was appropriated.

- 11.6 The power to override easements and other rights in land appropriated for planning purposes does not apply to rights held by Statutory undertakers and telecommunications code system operators.
- 11.7 Once the land has been appropriated for planning purposes the Council may further appropriate it for another purpose. Section 232 Town and Country Planning Act 1990 enables the Council to further appropriate such land for any other purpose which it is entitled to acquire or appropriate land under any enactment. Section 17 Housing Act 1985 provides the Council with the power to acquire and hold land either for it to erect homes and the power to acquire land for the purpose of disposing of homes provided or to be provided on that land or of disposing of the land to a person who intends to provide housing accommodation on it.
- 11.8 If the site is held in the General Fund at the time of disposal the Council will be required to dispose of the land in accordance with section 123 Local Government Act 1972 which is for not less than best consideration.
- 11.9 The procurement activities for the delivery of this project are regulated under the public procurement regime.
- 11.10 All appointments and/or contract awards must comply with the principles of the Public Contracts Regulation (PCR) 2015.
- 11.11 There are no legal or Human Rights Act implications in commencing a procurement exercise.

Programme

Table 33

Activity	Date
Planning Submission	December 2019
Planning Determination	April 2020
Vacant Possession Required	August 2020
Enabling Works Commence	October 2020
Main Works Commence	February 2021
Completion	December 2023

12. Consultation

In preparing this Paper, we have consulted with the Ward Councillors for Westbourne Ward. The Ward Councillors are keen to maximise the social housing within the scheme, in particular through applications for other sources of non-housing funding for the non-housing elements of the development. Ward Councillors would prefer retaining the private homes as private rented product rather than private sale.

13. Next Steps

The next steps will be to carry out detailed design and submit planning.
Once the detailed design is complete, a final business case will be brought forward for a decision to proceed.

For completion by the **Cabinet Member for Finance, Property and Regeneration**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: **Councillor Rachael Robathan, Cabinet Member for Finance,
Property and Regeneration**

State nature of interest if any

.....
(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendations in the report entitled **300 Harrow Road (Warwick Community Hall) Outline Business Case** and reject any alternative options which are referred to but not recommended.

Signed

Councillor Rachael Robathan, Cabinet Member for Finance, Property and Regeneration

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:
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.....
.....

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, the Executive Director for Finance and Resources, and, if there are human resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy and Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.