



City of Westminster

Cabinet Member Report

Decision Maker:	Councillor Melvyn Caplan, Cabinet Member for Finance, Property and Regeneration.
Date:	9 August 2020
Classification:	For General Release with confidential/exempt appendices.
Title:	The Disposal of 9 Woodfield Road, London, W9 2BA and the acquisition of a New Depot.
Wards Affected:	Westbourne
City for All Summary:	<p>The decision to proceed with the recommendation will allow Westminster City Council (WCC) to benefit from the construction of new modern depot facility to be utilised by the Council's Street Cleansing Facility together with the provision of a hotel, office and leisure facilities, thus supporting the delivery of the Councils 'City for All' objectives through this development and land swap. This development will provide employment and aid the regeneration of Woodfield Road and surrounding area.</p>
Key Decision:	No
Financial Summary:	<p>Under the terms of this transaction together with the S.106 Agreement, the Developer will be providing the Council with a new Street Sweepers/Cleansing Depot as part of the Council's Consideration for the disposal of the land at No 9 Woodfield Road, W9 2BA.</p> <p>The minimum residual value of 9 Woodfield Road is £1,578,600 and the current Net Book Value of this property asset is £435,248. The build cost of the new depot is projected to be £1,100,000.</p>
Report of:	Executive Director – Finance & Resources

1.0 Executive Summary

- 1.1 The purpose of this report is to seek approval for the terms agreed for the granting of a 999 year lease by Westminster City Council, (WCC), to The Collective (Taxi House) Ltd, (the Developer) and current Freeholder of Nos 7 & 11 Woodfield Road for the Council owned land at 9 Woodfield Road, London, W9 2BA.
- 1.2 Approval is also sought for the terms of the lease to be granted by the Developer to WCC for the provision and use of a new Street Sweepers/Cleansing Depot in pursuance of the development scheme under the WCC planning application 19/04487/FULL. The provision of this new street sweepers/cleansing depot represents WCC's part consideration for the granting of the 999-year leasehold interest for the land at 9 Woodfield Road.

2.0 Recommendations

- 2.1 That the appendices of the 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 Officers recommend that the Cabinet Member for Finance, Property & Regeneration approve the terms of the leasehold interest to be granted to the Developer for 9 Woodfield Road and the subsequent lease terms to be granted by the Developer to WCC for WCC's use and occupation of a new street cleansing depot. The proposed re-provision of the new depot facility combined with the Developer's agreement to pay WCC's Stamp Duty Land Tax (SDLT) together with their S.106 Agreement obligations is recommended for acceptance as WCC's total financial consideration for the granting of a 999 year lease for 9 Woodfield Road.
- 2.3 Officers recommend that the Cabinet Member for Finance, Property & Regeneration grant the Executive Director of Finance and Resources and/or the Director of Corporate Property the delegated authority to complete the Agreement for Lease required for development of the New Depot and to enter into two leases, one to the Developer for WCC's existing Depot site and the second for WCC's use of the New Depot, both to be entered into on achievement of practical completion of the New Depot.
- 2.4 Officers further recommend that the Cabinet Member for Finance, Property & Regeneration approve the proposed amendments to the S.106 Agreement. Such approval being required because the Council is the owner of the property asset to be disposed of.

3 Reasons for Decision

The Planning Consent (application reference number 19/04487/FULL) together with a s106 Agreement granted on the 3 July 2020 includes an obligation upon the Developer to provide a new street sweepers depot for the Council. This provision can only be actuated once the Council has agreed terms for the disposal of its land at 9 Woodfield Road, to the developer.

4 Context

- 4.2 WCC own the freehold of 9, Woodfield Road which currently accommodates an operational street cleaning depot.
- 4.3 The existing street cleaning depot is a traditional brick construction with a pitched tiled roof. The site area of the property asset is approximately 0.05 acres and comprises 2,243 sq ft. The space includes storage space street cleaning equipment, a small office area and staff welfare facilities.
- 4.4 The property is located on the south side of Woodfield Road and some 100 metres to the south of the Harrow Road (A404), with the Great Western Road being approximately 150 metres to the West.
- 4.5 The immediate area is dominated by industrial uses, with offices and residential uses located along the streets off the Woodfield Road. Westbourne Park Underground Station is located nearby, and this station provides regular services along the Circle and Hammersmith and City lines.
- 4.6 It should be noted that Woodfield Road comprises a mixed-use location which, due to its fringe City Centre position, has become subject to redevelopment from a former industrial area to a more commercial setting, with the proposed redevelopment scheme for the site being of a mixed-use retail/office and leisure.
- 4.7 The redevelopment site includes WCC's Freehold (9 Woodfield Road) plus the two adjoining sites to create a development comprising a 289-bed hotel, 12,600 sq ft of offices and 3,700 sq ft of restaurant/bar facilities.
- 4.8 The proposed new depot for the Council is 5,285 sq ft (arranged over basement and ground floor, beneath the 5 storeys of the proposed hotel). The new depot facility will be approximately double the size of the existing depot situated on the same road. WCC's depot team have collaborated with The Collective's architects to ensure that the specification of the new depot facility is of a good quality and is future proofed for operational services. The depot team are satisfied with the specification of the enlarged new depot facility. The planning application 19/04487/FULL, received full approval on the 3rd July 2020.

- 4.9 The consented scheme includes for the demolition of existing buildings and structures and construction of a mixed-use development comprising hotel and associated facilities (Class C1), flexible workspace (Class B1a/ B1c), retail and food and beverage (Class A1/A3), events space (Sui Generis) with associated public realm and highways improvements (site includes Taxi House, Waterside House and Westminster Street Sweepers Depot).
- 4.10 The Cabinet Member for Finance Property & Regeneration on the 26 June 2020 approved a s106 Agreement which has now been modified by the new consent granted on the 3 July. This required modification was been triggered by two further planning applications made by the Developer (ref: 20/04308/NMA and 20/04322/MOD106). These relate to the management of the new hotel including the submission of a new hotel management strategy. Since the Council was a party to the original S.106 Agreement, it is also required to be a party approving any amendments to such an Agreement. A Deed of Variation will be required to make this amendment and it proposes to add an additional hotel management strategy obligation to the terms of the S.106 Agreement. This variation does not affect the Council's interests, (as freehold landowner), or its liabilities under the terms of the Agreement. It does not affect the delivery of the key Council benefits, this being the delivery of a new street sweeper/cleansing depot. Entry into the Deed of Variation does however require approval from the Cabinet Member for Finance, Property & Regeneration as Corporate Property represents the Council as landowner.
- 4.11 This modification has already been resolved to be granted by the Cabinet Member for Business and Planning.

5 Financial Implications

- 5.2 The Developer will be building a new street cleansing depot for the Council which has a build cost of approximately £1,100,000. These construction costs have been verified by a WCC retained Quantity Surveyor who advised that the construction costs would be towards the upper to highest range of prices, which suggests a £/m² of circa £1,700 - £2,200 per sq m, which is comparable with the costs in the cost plan provided by the Developer.
- 5.3 The proposed new depot leasehold interest has been calculated to have a market value within a range of £1,600,000 to £1,750,000 by an RICS Registered Valuer. The Developer will be paying WCC's SDLT liability for the granting of the 999-year lease term for the use and occupation of the depot. Taking the £1,750,000 as being the leasehold market value of the new depot, the subsequent SDLT liability is currently estimated to be £95,400.

- 5.4 The residual value of 9 Woodfield Road has been stated as being at a minimum of £1,578,600. It should be noted that the current Net Book Value of this property asset is £435,248. The Council's consideration for the transfer of 9 Woodfield Road to The Collective (Taxi House) Ltd under a 999-year lease term is £95,400 (SDLT liability paid by the developer) + £1,100,000 (construction costs of new depot paid by the developer) = £1,195,400. A financial contribution from the developer will be making under S.106 Agreement includes a contribution of £362,247 to the Employment and Skills Fund. Therefore, the total consideration received for No 9 Woodfield is £1,557,647. The short fall of £20,953 is made up of the further financial contributions that the developer must make under its S.106 Agreement obligations. These contributions include the provision of highways works surrounding the site. The provision of 20% of the Class B1 office space being built by the developer must be affordable workspace at a rent maintained below the market rate. This particular provision has a not only a financial value, but also social value to the Council.
- 5.5 This disposal complies with the Council's obligations of obtaining the best consideration reasonably obtainable for its property disposals as required under the Local Government Act 1972.
- 5.6 The property to be leased by Westminster City Council to The Collective (Taxi House) Ltd, is vested in the General Fund.

6 Legal Implications

The Director of Law has been consulted and comments as follows:

- 6.2 Local authorities are given powers under the Local Government Act 1972, subject to applicable legal constraints, to dispose of land in any manner they wish, including sale of their freehold interest, granting a lease or assigning any unexpired term on a lease, and the granting of easements. However, a disposal must be for the best consideration reasonably obtainable, as set out in section 123 of the Local Government Act 1972 (except in the case of short tenancies), unless the Secretary of State consents to the disposal.
- 6.3 The Equality Act 2010 ("referred to below as the "EqA 2010") created a single general public sector equality duty, ("referred to below as "PSED"), under section 149 of that Act. The PSED applies to public authorities exercising public functions. The PSED requires public authorities to have "due regard" to:
The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the section 149(1)(a) EqA 2010.
The need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it (section 149(1)(b) EqA 2010).

- 6.4 The duty on public authorities to have “due regard” to the PSED in section 149(1) of the EqA 2010 is more than simply a requirement to have general regard. Proper consideration must be given to the PSED and its requirements.
- 6.5 By virtue of section 120 Local Government Act 1972 a local authority may acquire property by agreement for any purpose for which they are authorised, by that Act or any other enactment to acquire property, even if that property is not immediately required for that purpose.
- 6.6 This report confirms at paragraph 5.3 and 5.4 that the best consideration reasonably obtainable will be achieved as a result of the disposal which complies with the obligation contained in section 123 Local Government Act 1972.
- 6.7 The Heads of Terms for the lease to be granted by WCC to The Collective (Taxi House) Ltd for No 9 Woodfield Road and the Heads of Terms for the lease to be granted by The Collective (Taxi House) Ltd for the new street cleaners depot are contained in Appendix II of this report.

7 **Staffing Implications**

- 7.2 The New Depot will provide better welfare facilities for the Cleansing Service operatives. The staff will have almost the same commute to the depot and the relocation will not affect the amount of time to undertake street cleansing work and associated journeys.

8 **Consultation**

Legal

Finance

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

Howard Fertleman BSc MRICS, Interim Asset Manager,
hfertleman@westminster.gov.uk 07817054809

Background Papers

NB: For individual Cabinet Member reports only

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: _____

State nature of interest if any

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(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 recommendation(s) in the report entitled **The Disposal of 9 Woodfield Road, London, W9 2BA and the acquisition of a New Depot.**

Signed

Councillor Melvyn Caplan, 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 of Finance and Resources, and, if there are 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 & 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.

Appendix I

Other Implications

1. **Resources Implications**-The Council will be receiving a new state of the art Street Sweepers Depot at no financial layout.
2. **Business Plan Implications**-None
3. **Risk Management Implications**-None
4. **Health and Wellbeing Impact Assessment including Health and Safety Implications**-There will be new modern welfare facilities for Council employees
5. **Crime and Disorder Implications**-None
6. **Impact on the Environment**-None
7. **Equalities Implications**-None
8. **Staffing Implications** – None
9. **Human Rights Implications**-None
10. **Energy Measure Implications** -The new street sweepers depot will incorporate the current legal environmental requirements in terms of construction and energy use provision.
11. **Communications Implications**-Non

