



City of Westminster

# Cabinet Member Report

<b>Decision Maker:</b>	<b>Cabinet Member for Communities and Regeneration</b> <b>Cabinet Member for Finance and Smart City</b>
<b>Date:</b>	24 <sup>th</sup> March 2021
<b>Classification:</b>	General Release but that Appendix B be declared as exempt from publication as it involves the disclosure of information as prescribed by paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, (as amended), in that they contain information relating to the financial or business affairs of any particular person (including the authority) as per paragraph 2.1 below.
<b>Title:</b>	Ebury Bridge Estate Renewal – Advanced Budget Approval for Phase 2
<b>Wards Affected:</b>	Churchill
<b>City for All/Policy Context:</b>	This proposed estate renewal will meet the Council’s City for All objectives. Renewal will promote <b>Vibrant Communities</b> by providing more homes of all types and tenures to create a vibrant community which is full of opportunity. Renewal of the Ebury Bridge Estate is a significant chance to strengthen a <b>Greener and Cleaner City</b> through creating high quality, energy efficient homes and a healthier, greener environment that connects better to surrounding communities and the wider area.
<b>Key Decision:</b>	Yes
<b>Report of:</b>	Debbie Jackson, Executive Director - Growth Planning and Housing
<b>Financial Summary:</b>	This report is seeking approval of expenditure on detailed design works for Ebury Phase 2a. Budgetary provision for this expenditure has been included within the new capital expenditure plans for 2021/22 which will come into effect at the start of the new financial year.

## 1. Executive Summary

- 1.1. The regeneration of the Ebury Bridge Estate will provide more affordable housing and bring about the long-term physical, economic and social sustainability of the neighbourhood.
- 1.2. The Council has worked with Ebury Bridge Estate residents to create a high-quality scheme that offers an attractive mix of homes including affordable homes for rent and sale, meeting a range of housing needs. The scheme also offers shops, public realm and community facilities.
- 1.3. In July 2020 a planning application (reference: 20/04366/COOUT) was submitted to the local planning authority for the redevelopment of the Ebury Bridge Estate.
- 1.4. The planning application comprises of a hybrid planning application, seeking detailed and outline permission as follows:
  - Phase 1 - seeking detailed planning consent for Blocks 7 and 8 comprising residential floorspace and ancillary residential facilities (Class C3); provision of a basement; new pedestrian and vehicular access; and associated amenity space landscaping, car and cycle parking, refuse storage, servicing area, and other associated infrastructure; and
  - Phase 2 – seeking outline planning consent for a mixed-use development for residential floorspace and ancillary residential facilities (Class C3), non-residential floorspace comprising flexible retail (Classes A1 – A4), community (Class D1), leisure (Class D2) and workspace (Class B1) floorspace; provision of basement; new pedestrian and vehicular access; and associated amenity space, open space, plant, landscaping, care and cycle parking, refuse storage, servicing area, and other associated infrastructure works.
- 1.5. A determination of the hybrid planning application is anticipated in or around April/May 2021, subject to agreement of a unilateral undertaking with the local planning authority.
- 1.6. Subsequent Reserved Matters Application will be required for Phase 2 in order to receive detailed consents for the remainder of the scheme.
- 1.7. In terms of the programme, Phase 2 has been split in two; Phase 2A and Phase 2B. Appendix C of this report includes a high-level summary of the programme for Phase 1, 2A and 2B.

- 1.8. The below diagram sets out the different phases of the scheme; Phase 1 (white), Phase 2A (blue) and Phase 2B (red).



- 1.9. A decision is still to be taken around how Phase 2 of the Ebury scheme may be delivered.
- 1.10. Budgetary provision for this scheme has been included within the new capital expenditure plans for 2021/22 agreed by full Council on 3<sup>rd</sup> March 2021.
- 1.11. Prior to commencement of the new financial year and associated budget provision, and a decision by the Council in respect of how future Ebury phases are delivered, this report seeks the Cabinet Members' approvals for:
- an advanced budget of £5.1M to progress the detailed design and associated works for Phase 2A up to completion of RIBA Stage 3 and
  - delegated authority to the Executive Director of Growth Planning and Housing, in consultation with the Cabinet Member, to award the appointments of the necessary consultants to form the design team to commence Phase 2A.
- 1.12. The proposed budget approval sought within this report is consistent with the capital budget approved by full Council on 3<sup>rd</sup> March 2021.
- 1.13. An advanced budget approval is important to maintain a continuation of activity on the Ebury delivery programme because (subject to planning permission and subject to further Council decisions) it is viewed as beneficial if there can be a start date of Spring 2021 for the Phase 2A design work, which supports a proposed start on site in March 2023 for Phase 2A. Further reports will be submitted for future budget approvals and other approvals for Phase 2.

## 2. Recommendations

- 2.1. That Appendix B of the report be exempt from disclosure as it involves the disclosure of information as prescribed by paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, (as amended), in that it

contains information relating to the financial or business affairs of any particular person (including the authority).

- 2.2. That the Cabinet Member for Finance and Smart City and the Cabinet Member for Communities and Regeneration, approve an advanced budget of £5.1M to progress the detailed design and associated works (as detailed in sections 3.7 to 3.12 of this report) for Phase 2A up to completion of RIBA Stage 3.
- 2.3. That the Cabinet Member for Communities and Regeneration delegates authority to the Executive Director of Growth, Planning and Housing, to award appointments to the consultants to form the design team for commencing the Phase 2A design works, in consultation with the Cabinet Member for Communities and Regeneration.

### **3. Reasons for Decisions**

- 3.1. Decisions around the delivery route for Phase 2 are to be taken in due course through an Outline Business Case and subsequent Cabinet Member Report that is currently being developed and due to be presented and formalised in Summer 2021.
- 3.2. The total Phase 2 budget for Ebury was agreed by full Council on 3<sup>rd</sup> March 2021 as part of the approval of the council's capital programme.
- 3.3. An advanced budget approval is important to maintain a continuation of activity on the Ebury delivery programme because (subject to planning permission and subject to further Council decisions) it is viewed as beneficial if there can be a start date of Spring 2021 for the Phase 2A design work, which supports a proposed start on site in March 2023 for Phase 2A.
- 3.4. An advanced budget approval is required in order to spend against the various consultant appointments up to completion of RIBA Stage 3 for Phase 2A.
- 3.5. Subject to the approvals and delegated authority requested in this report, the project team can appoint the necessary consultants to form the design team for Phase 2A.
- 3.6. The fee for these appointments will be for the entirety of Phase 2 however the spend against them will be managed by the parameters set out in this report.
- 3.7. The advanced budget of £5.1M shall be used to appoint the following key consultants required for Phase 2A:
  - Architect
  - Multi-disciplinary Design Team
  - Project Manager/Employers Agent
  - Planning & Viability Consultant
- 3.8. All contracts will include clauses to allow for termination at the end of each RIBA Stage if the Council did not wish to continue with the appointment.

- 3.9. In addition to the termination clauses, the contracts will also be set up on the basis that they are capable of novation to a third-party Contracting Authority. This is in the event that a Delivery Partner is confirmed as the preferred delivery route through the Outline Business Case in Summer 2021 and therefore contracts need to allow for flexibility in the appointing party.
- 3.10. A portion of the advanced budget also allows for Phase 2 associated work relating to commercial and residential valuation advice, viability and delivery support, relocation of existing retail elements and an accelerated demolition of Bridge House in Phase 2A.
- 3.11. If approved, the Hybrid Outline Consent for Phase 2 will include planning conditions governing many elements of the ongoing redevelopment, including all future demolition on the site.
- 3.12. The relevant planning condition would be fully cleared prior to the demolition of any of the Phase 2 buildings and would be post determination of the Hybrid Planning Application.
- 3.13. Further reports will be submitted for future budget approvals for the remainder of Phase 2. No further spend will occur once the advanced budget is used and a further report will be submitted to ask for approval to spend after this point.
- 3.14. Subject to further Council approvals around Phase 2, the above-mentioned key consultants will continue for the entirety of Phase 2. It is anticipated the Council may need to appoint a Compliance Monitoring Team and Sales Agent later in the programme and subject to further Council approvals.
- 3.15. Full details of the budget requested is included within Appendix B of this report.
- 3.16. Good progress has been made to date in enabling the scheme and the proposals in this report will maintain that momentum and continue delivery of the Council's promises to the existing community.

#### **4. Background, including Policy Context**

- 4.1. The Ebury Bridge Estate is one of the five priority estates identified in the Council's Housing Renewal Strategy (2010) as needing significant improvement and investment.
- 4.2. In line with the Council's City for All objectives, the overarching objective of regenerating Ebury Bridge Estate is to create a comprehensive renewal that brings about physical, economic and sustainable change that creates additional homes and improves the lives of residents, businesses and visitors alike.
- 4.3. This proposal will help meet the Council's objectives for the regeneration which include:
  - 1) The regeneration should be a Council led;

- 2) The Council should retain long term ownership of the estate;
- 3) The regeneration should produce a range of tenures or ladder of opportunity for people on different incomes to live and work in central London; and
- 4) Delivering the regeneration in a sensitive and inclusive way, setting a standard for quality and place making for this important Westminster neighbourhood.

## **5. Financial implications**

- 5.1. The Outline Business Case for the regeneration plans at Ebury Bridge was agreed by CMR in July 2018 and subsequently revised and updated in March 2019. The updated position at that time resulted in a net cost to the HRA of £107m.
- 5.2. Work has since been undertaken to fundamentally review the scheme to both update assumptions and aim to reduce the residual burden on the HRA of this scheme. This has been achieved through reviewing the tenure mix, value engineering, maximising the development potential of the site and maximising funding opportunities to support this development.
- 5.3. Key changes to the scheme as part of the current proposals are:
  - Detailed design progression and subsequent cost reviews.
  - An increase in total units being delivered from 752 to 781 which equates to 226 in Phase 1 and 555 in Phase 2.
  - An adjustment in the provision of affordable housing across the illustrative masterplan as whole from 56% to 53%.
  - In keeping with the Emerging City Plan, 60-70% of the affordable housing provision will now be in the form of Intermediate housing and 30-40% will be in the form of Social Rent, final percentages subject to viability.
  - Intermediate Housing will consist of the following:
    - Intermediate Rent
    - Intermediate Ownership (Equity Product)
    - Discounted Market Rent – which has been added in order to bridge the gap between the upper quartile intermediate rent and market rent that has been identified.
- 5.4. The overall financial viability of the current scheme proposals for phases 1 and 2 are shown in the table below.

<b>Ebury - Scheme Viability - DEC 2020</b>			
	<b>Phase 1</b>	<b>Phase 2</b>	<b>Total</b>
Total Costs	£172.95m	£379.45m	£552.39m
Total Income	(£128.65m)	(£383.97m)	(£512.62m)
<b>Residual Land Value</b>	<b>£44.29m</b>	<b>(£4.52m)</b>	<b>£39.77m</b>
HRA Direct Costs (VP, Buyback & Planning & Monitoring)	£114.96m	£44.99m	£159.95m
<b>Total HRA funding requirement</b>	<b>£159.25m</b>	<b>£40.47m</b>	<b>£199.72m</b>
CIL & AHF	(£114.99m)	-	(£114.99m)
<b>Total HRA Deficit (Borrowing needed)</b>	<b>£44.26m</b>	<b>£40.47m</b>	<b>£84.73m</b>
Affordable debt	£17.19m	£65.66m	£82.85m
ICR	39%	162%	98%
Annual Deficit	£0.70m	(£0.65m)	£0.05m
<b>Capital Deficit to 100% ICR</b>	<b>£27.07m</b>	<b>(£25.18m)</b>	<b>£1.88m</b>

- 5.5. The table shows that the residual borrowing requirement for the HRA of this scheme is now £84.7m. This is reduced from the previous £107m figure. In turn the HRA will receive a total of 237 units of new social rent units and commercial and retail units delivered through the scheme. The annual revenue cost of this residual borrowing requirement within the HRA is £2.2m. The HRA is estimated to receive annual income of £2.15m from these new units to support the revenue cost of this borrowing requirement. This will leave a residual annual cost of £49k. However, over time the income generated will increase by inflation and exceed the borrowing cost as this will remain broadly static.
- 5.6. The 2021/22 HRA Business Plan includes the revised financial viability position for the scheme as outlined above. This has been agreed by Cabinet on 15th February and by full Council on 3rd March 2021. Officers plan to bring a refreshed OBC document for the whole scheme including proposals for the route for delivery for Phase 2 in June/ July this year.
- 5.7. The report requests to spend £5.14m ahead of the confirmation of the 2021/22 budget (see Appendix B for the breakdown). This is for detailed design work to progress the detailed design for Phase 2A up to completion of RIBA Stage 3. There is sufficient budget within the 2021/22 HRA Business Plan agreed by Full Council on 3<sup>rd</sup> March 2021 to cover the costs of these works.
- 5.8. The advanced budget of £5.14m for detailed design work to progress Phase 2A is included within HRA capital budget that was approved by Full Council on the 3<sup>rd</sup> March 2021.

## **6. Legal Implications**

- 6.1. The Council has a general power of competence under section 1 of the Localism Act 2011; this is the power to do anything an individual can do provided it is not prohibited by other legislation.
- 6.2. The Council has the power under section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate or is conducive or incidental to the discharge of its functions.
- 6.3. The Council's own Finance Regulations shall apply in respect of the expenditure and procurements recommended in this report. Any prudential borrowing should be in line with the Chartered Institute of Public Finance and Accountancy ("CIPFA") code of practice.
- 6.4. Subject to the Cabinet Members' decision in this report, it is noted that any procurements connected with the delivery of future phases need to build into them the flexibility to novate appointments (and any other necessary requirements), in case the Council decides to enter into an arrangement with a developer or other entity/ies in relation to bringing forward future phases.
- 6.5. All procurements will be undertaken in accordance with the Council's Contract Procurement Rules and the Public Contract Regulations 2015.

## **7. Consultation**

- 7.1. Since 2017, the consultation and engagement with stakeholders at the Ebury Bridge Estate has been extensive. This culminated in the recent pre-planning consultation ahead of the submission of the Ebury Bridge planning application. Ebury Bridge residents played an important role, working with architects in the formation of detailed designs which were then presented to the wider community and stakeholders. In total over 1,000 individual comments were received about the designs and features compiled in the outline planning application.
- 7.2. The Ebury Bridge Community Futures Group ('CFG') has continued to meet throughout 2020 and has held virtual meetings through the period of Covid-19 restrictions. During this period, the group have been involved in key areas such as market testing and the development of a housing management specification. Early engagement with residents around future management options has already commenced through the CFG. The CFG will continue to provide a strong resident voice as the project continues.
- 7.3. Focussed dialogue and engagement is continuing with households living in Phase 2A. This has involved detailed discussions around temporary re-housing options within the Estate or in the local area. This engagement has enabled successful vacant possession of Pimlico House, a block within the Phase 2A boundary. As further details of the new homes are finalised,

discussions will be had with households regarding their preferences for their permanent move to a new home in the redeveloped Ebury Estate.

- 7.4. If the Council's hybrid planning application is approved in Spring 2021, further consultations shall be undertaken on the scheme, including the following consultations in and around Summer 2021:
- a statutory Section 105 Consultation with residents in relation to specific tenancy matters; and
  - a consultation with existing residents (both on the estate and those who have temporarily relocated) about the formation of a new Local Lettings policy. If adopted by the Council, this policy can help guide the Council's approach when applications are made by returning residents for the new homes.

## **8. Equalities Implications**

- 8.1. The Equality Act 2010 introduced a single public sector equality duty. This duty requires the Council to have due regard in its decision-making processes to the need to:
- eliminate discrimination, harassment, victimisation or other prohibited conduct;
  - advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it, and;
  - foster good relations between those who share a relevant characteristic and those that do not share it.
- 8.2. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
- 8.3. The Council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making new decisions in the current context and in relation to the new strategy.
- 8.4. In deciding whether to approve the proposals set out in this report, Members must comply with the public sector equality duty under Section 149 of the Equality Act 2010.
- 8.5. An equalities impact assessment was included in the planning application submitted in July 2020 and a copy is appended to this report (Appendix D). The assessment does not change as a result of the recommendations in this report.

## **BACKGROUND PAPERS**

None.

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

Emily Myers – [emyers@westminster.gov.uk](mailto:emyers@westminster.gov.uk)

For completion by the **Cabinet Member** for Communities and Regeneration

**Declaration of Interest**

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

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Councillor Heather Acton, Cabinet Member for Communities and Regeneration

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 recommendations in the report entitled **Ebury Bridge Estate Renewal – Advanced Budget Approval for Phase 2** and reject any alternative options which are referred to but not recommended.

Signed .....

Councillor Heather Acton, Cabinet Member for Communities 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 Executive Director of

Finance and Resources, and, if there are human resource implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further information 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.

For completion by the **Cabinet Member** for Finance and Smart City

**Declaration of Interest**

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

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

NAME: Councillor Paul Swaddle, Cabinet Member for Finance and Smart City

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 recommendations in the report entitled **Ebury Bridge Estate Renewal – Advanced Budget Approval for Phase 2** and reject any alternative options which are referred to but not recommended.

Signed .....

Councillor Paul Swaddle, Cabinet Member for Finance and Smart City

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.

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## **Appendix A**

### **Other Implications**

- 1. Resources Implications**
- 2. Business Plan Implications**
- 3. Risk Management Implications**
- 4. Health and Wellbeing Impact Assessment including Health and Safety Implications**
- 5. Crime and Disorder Implications**
- 6. Impact on the Environment**
- 7. Equalities Implications – See section 8**
- 8. Staffing Implications**
- 9. Human Rights Implications**
- 10. Energy Measure Implications**
- 11. Communications Implications**
- 12. Counter Terrorism and Security Implications**