



City of Westminster

Cabinet Member Report

Decision Maker:	Cabinet Member for Climate Action, Regeneration and Renters
Date:	15 September 2023
Classification:	Part Exempt - Appendix A and Appendix B are exempt from publication under Paragraph 3, Part 1, Schedule 12A of the Local Government Act 1972
Title:	Delegation of authority to approve reservations and sale terms of units at Ebury Bridge (Phase 1)
Wards Affected:	Knightsbridge and Belgravia
Key Decision:	Yes
Report of:	Setareh Neshati – Head of Development

1. Executive Summary

- 1.1. The Development Sales Programme currently comprises four schemes across the Borough at The Masefield, Venice Court, Carrick Yard (Luton Street) and Cosway Street. The first of the schemes, The Masefield, launched in October 2019. Phase 1 of Ebury Bridge is due to launch in Autumn 2023 and is the subject of this report.
- 1.2. Once Phase 1 of the Ebury Bridge scheme launches to the market, the development team requires delegated authority to accept offers at the point of reservation.
- 1.3. This report seeks approval from the Cabinet Member for Climate Action, Regeneration and Renters in consultation with the Cabinet Member for Finance and Council Reform to delegate authority powers to the Executive Director for Regeneration, Economy and Planning and thereafter to the Director of Development and Regeneration and Heads of Development and Development Services to accept reservations and sales terms for private sale homes and for resident leaseholders (as defined in the Council's Policy for Leaseholders in Housing Renewal Areas) (**Returning Leaseholders**) at Phase 1 of Ebury Bridge within the parameters set out in this report and appendices.

2. Recommendations

- 2.1. The Cabinet Member for Climate Action, Regeneration and Renters, in consultation with the Cabinet Member for Finance and Council Reform, is recommended to approve:
 - 2.1.1. The sale of homes to Returning Leaseholders, as defined in the Council's Unilateral Undertaking dated 6 October 2021.
 - 2.1.2. To delegate authority to the Executive Director of Regeneration, Economy and Planning or Director of Development and Regeneration and Heads of Development and Development Services to approve reservations and the sale terms of private sales homes at Phase 1 of Ebury Bridge – in accordance with section 5 of this report and within the parameters set out in the exempt Appendices A and B.
 - 2.1.3. To delegate authority to the Executive Director of Regeneration, Economy and Planning or Director of Development and Regeneration and Heads of Development and Development Services to approve reservations and the sale terms to Returning Leaseholders in Phase 1 of Ebury Bridge – in accordance with section 5 of this report and within the parameters set out in the exempt Appendix A.

2.1.4. To delegate authority to the Executive Director of Regeneration, Economy and Planning or Director of Development and Regeneration and Heads of Development and Development Services to enter into all associated legal agreements in relation to recommendation 2.1.2, recommendation 2.1.3 and recommendation 2.1.4.

3. Reasons for Decision

- 3.1. The disposal of private sale homes at Phase 1 of Ebury Bridge will cross subsidise the provision of affordable housing at the scheme as well as supporting the overall affordability of Ebury Bridge Estate regeneration.
- 3.2. When the Council sells an asset with a value greater than £500,000, the scheme of delegation and financial regulations require the disposal to be approved by a Cabinet Member. By delegating the ability to accept offers above a minimum threshold the Council can act at a pace in line with normal market practice while ensuring the required cross subsidy is achieved.

4. Background of Delegated Authority, Including Policy Context

- 4.1. This paper seeks approval from the Cabinet Member to delegate authority to the Executive Director for Regeneration, Economy and Planning (REP) to accept offers as outlined within section 5, and delegate that authority to the Director of Development and Regeneration and Heads of Development and Development Services.
- 4.2. Phase 1 of the Ebury Bridge development includes 110 private sale homes, the receipts from which will cross subsidise the 100 social rent homes built on phase 1 as well as contributing towards the overall viability of phase 2 and 3 which include a further 270 social rent homes.
- 4.3. The table below shows the size of the 110 private sale homes:

Unit Type	No of Units
1 bed	34
2 bed	48
3 bed	26
4 bed	2
Total	110

- 4.4. Working with the instructed sales team, Jones Lang LaSalle (JLL) and the construction team, a proposed sales and marketing strategy is in place to launch the homes on the open market in Summer 2023 with the show home opening from September 2023.

- 4.5. The Cabinet Member Report for the Ebury Bridge Full Business Case (Phase 1) dated 6 August 2021, recommended for approval by the Capital Review Group and subsequently approved by Cabinet Members and effective from 24 August 2021 (reference CMfPP&L/30 2020-21) (2021 CMR), set an income budget for the market sale homes, detailed in Appendix A of this report.
- 4.6. The current net achievable base line pricing for Phase 1 of the Ebury Bridge Estate was approved internally at the time the Full Business Case (Phase 1) was presented as outlined in Appendix A of this report.
- 4.7. Following the approval of the 2021 CMR and the adoption of the recommendations in the Cabinet Report entitled “Truly Affordable Housing” dated 17 October 2022 relating to increasing the number of truly affordable homes built and managed by the Council and the Cabinet Member Report entitled “Ebury Estate Renewal-Delivery Strategy & Viability Position” dated 16 January 2023, the revised tenure mix and distribution for the Ebury Bridge scheme has resulted in the tenure of the units within Phase 1 increasing to 110 private homes and the income budget has also changed to reflect that.
- 4.8. An updated Red Book valuation by JLL, which is based on transacted evidence, supported by their latest pricing review supports the current income assumptions.
- 4.9. Further details regarding the application of this to Ebury Bridge are included within Appendix B of this report.

5. Financial Implications

- 5.1. When the Council sells an asset with a value greater than £500k, the financial regulations require the disposal to be approved by a Cabinet Member. Given the volume of sales and requirement to be agile in responding to offers, this paper seeks to delegate authority to the Executive Director of REP, the Director of Development and Regeneration and Heads of Development and Development Services to agree sales, within the proposed dealing margins.
- 5.2. The Full Business Case for Ebury Phase 1 includes forecasted private sale receipts of £88m across 84 homes. This figure is based on a Red Book valuation inflated by 2% per annum up to practical completion.
- 5.3. Subsequently, due to tenure changes approved by Cabinet Member in January 2023 this changed to 114 private homes in phase 1 with projected sales values of £142m.
- 5.4. This has changed slightly to 110 homes reflecting the latest accommodation schedules and the decisions of returning leaseholders. The emerging viability assumes sales values of £132.9m.

- 5.5. These revised sales projections are based on open market valuations undertaken by JLL and are the target pricing for the homes.
- 5.6. Approval for homes for returning leaseholders to offered at a value supported by Red Book valuations undertaken at the time of sale, in line with planning requirements.
- 5.7. The council will provide equity loans for returning leaseholders where the purchase price of the new home is greater than the sale proceeds from the old home. These loans are built into the scheme viability.

6. Legal Implications

- 6.1. Section 123 of the Local Government Act 1972 gives power to the Council to dispose of land held by them in any manner they wish for the best consideration reasonably obtainable. The Council shall not dispose of land under Section 123 of the Local Government Act 1972 (otherwise than by way of a short tenancy) for a consideration less than the best that can reasonably be obtained unless the Secretary of State consents to the disposal. Best consideration that can reasonably be obtained means achieving maximum value from the disposal, not just maximum price.
- 6.2. A local authority is in the position of a trustee in relation to the land that it holds on behalf of the community and has a statutory duty to sell land at the best price reasonably obtainable. The Council will only be able to demonstrate that it achieved the best consideration by obtaining an appropriate valuation of the land. This Report confirms at section 5 and Appendix A that an independent assessment of the open market value in accordance with the 'Red Book' guidance of the Royal Institution of Chartered Surveyors has been obtained and that the sales values for which authority is sought in this Report are based on open market valuations undertaken by JLL.
- 6.3. The Council's legal department has been informed that the site sits within the Housing Revenue Account (HRA) and will remain within the HRA. Section 32 of the Housing Act 1985 gives a local authority power to dispose of housing land with the consent of the Secretary of State.
- 6.4. The General Housing Consents 2013 set out those situations where the specific consent of the Secretary of State is not required before a local authority disposes of council housing land and associated assets.
- 6.5. Paragraph A3.1.1 of the General Housing Consents 2013 states that a local authority may dispose of land for a consideration equal to its market value.
- 6.6. The General Housing Consents 2013 defines "market value" as meaning the amount for which a property would realise on the date of the valuation on a disposal

between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion and where the market value is assessed not earlier than 3 months before the buyer applies or agrees to an offer in writing. The Council's legal department has been informed that the valuations referred to in this Report have been obtained as set out in section 5 and Appendix A on the same understanding of market value.

- 6.7. Paragraph A3.3.3 of the General Housing Consents 2013 states that subject to paragraph A3.3.4, where the person is not a secure tenant the local authority may dispose of an unoccupied dwelling-house at a price which is not less than an amount equal to the purchase price defined in section 126 of the Housing Act 1985 (right to buy purchase price) to which the minimum discount, as provided for by section 129 of the Housing Act 1985, has been applied.
- 6.8. Paragraph A3.3.4 of the General Housing Consents 2013 states that the right to buy discounts applied must not reduce the price of the unoccupied dwelling-house to an amount less than the amount set or prescribed in section 131 of the Housing Act 1985.
- 6.9. Under the Council's Scheme of Delegated Authority to Officers the Executive Director of Finance and Resources may dispose of freehold property or grant leases where the premium does not exceed £500,000. This report seeks authority for the sale of flats at Phase 1 of Ebury Bridge at premiums in excess of £500,000.

7. Carbon Impact

- 7.1. The Ebury Bridge Estate development is a high performing sustainable development that utilises ground and air source heat pumps for the generation of all heating and cooling in the development. In addition, it provides infrastructure for electric car charging across all car parking provision in accordance with statutory requirements. Save for this, the development it is a low car development due to its proximity to public transport links and connectivity. Although the development pays a small carbon offset payment, the development is far more carbon efficient than the current estate and sees this benefit materialise in Year 12.

8. Equalities Impact

- 8.1. WCC reviews and updates the relevant sections of the independent Equality Impact Assessment (EQIA) at key milestones during the project.
- 8.2. WCC requires all partners, professional advisors, and contractors to align with WCC's equality duties and the requirements stipulated in the Considerate Contractors Scheme. The Considerate Contractors Scheme has made inclusivity

a key objective and is actively requiring participants to recruit from under-represented groups.

9. Consultation

- 9.1. The consultation with Ebury Bridge Estate residents continues to be delivered consistently by the on-site community engagement team who have been based at the Ebury Bridge Estate since July 2017. The commitment of WCC to work with residents on key decisions throughout the project led to the establishment of the Ebury Bridge Community Partnership Group (CPG), formally the Community Futures Group (CFG). The CPG is the resident led steering group and the top tier of the Ebury Bridge engagement structure. This means that the residents have continued to play a key role in all strategic decisions and were consulted on the proposed tenure distribution options 9.2 Ward members were supportive of the progress made on the construction of Phase 1 of the scheme and resident liaison carried out by the main contractor. It was noted that there have been no resident concerns raised with ward councillors in relation to construction work. On 15 November 2022, the Knightsbridge and Belgravia ward councillors were consulted on the proposals set out in this report. The councillors requested further details on the changes proposed to be made to the scheme which had already been granted planning consent. The request included a breakdown on bedroom sizes and numbers and tenure changes which has now been provided.

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

**James Green - Director of Development and Regeneration –
jgreen@westminster.gov.uk**

Setareh Neshati – Head of Development – sneshati@westminster.gov.uk

APPENDICES:

Appendix A – Financial Implication (Exempt - Not for Publication)

Appendix B - Section 5 Financial Information (Exempt – not for publication)

For completion by the **Cabinet Member for Climate Action, Regeneration and Renters**

Declaration of Interest

I have no interest to declare in respect of this report


Signed:  Date: 15 September 2023

NAME: **Councillor Matt Noble**

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 recommendation(s) in the report entitled **Delegation of authority to approve reservations and sale terms of units at Ebury Bridge (Phase 1)**

Signed: 

Cabinet Member for Climate Action, Regeneration and Renters

Date: 15 September 2023

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:

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, City Treasurer 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.