



City of Westminster

# Cabinet Member Report

<b>Meeting or Decision Maker:</b>	Cabinet Member for Regeneration and Renters
<b>Date:</b>	05 February 2024
<b>Classification:</b>	General Release
<b>Title:</b>	Church Street OBC Update - Re-affirming the delivery route for Church Street Site A
<b>Wards Affected:</b>	Church Street
<b>Policy Context:</b>	Fairer Housing – Church Street Site A will deliver much needed new, affordable housing and commence the first site of phase 2 of the Church Street Masterplan
<b>Key Decision:</b>	No
<b>Financial Summary:</b>	There are no financial implications arising from the recommendations of this report which retain partnership delivery as the preferred option.
<b>Report of:</b>	Debbie Jackson, Executive Director of Regeneration, Economy, and Planning

## **1. Executive Summary**

- 1.1. The Church Street Outline Business Case (Original OBC) was approved by a Cabinet Member Report in August 2020 and set the preferred option for Site A as joint venture partner delivery. The Council has commenced procurement of a joint venture partner, the outcome of which will be presented to Cabinet in spring 2024.
- 1.2. Ahead of that, the Council has revisited the Original OBC to ensure that the decisions taken then remain valid and appropriate for the project. The Council have produced a standalone update to the OBC (Updated OBC) which is appended to this report.
- 1.3. The Updated OBC concludes that the Council has the finances, track record and the resources or the ability to procure the necessary expertise to successfully self-deliver Church Street Site A, if necessary. Joint venture partner delivery however provides an opportunity to balance risk and reward, time, quality and cost. It therefore remains the preferred route, subject to the proposed joint venture partner being on terms that achieves the Council's objectives and delivers a fair distribution of risk and reward. Decisions relating to the appointment of the joint venture partner will be dealt with in a further report.

## **2. Recommendations**

- 2.1. That the Cabinet Member for Regeneration and Renters endorses the Updated OBC as set out in Appendix 1 and its conclusion that joint venture partner delivery, on appropriate terms, remains the preferred option for the delivery of Church Street Site A.

## **3. Reasons for Decision**

- 3.1. The Council has undertaken a procurement of a joint venture partner for the delivery of Church Street Site A in line with the recommendations of the Original OBC. Before the outcome of that procurement, the Council considered it appropriate to revisit this decision, given the amount of time elapsed since the Original OBC was prepared and resulting change in market and policy environment, to confirm it remains the preferred option for the delivery of Church Street. This is a prudent approach particularly ahead of significant decision points.

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

- 4.1. The Council's governance for significant projects follows much of the Treasury's five case model for business cases. The Updated OBC assessed the short-listed options and reconfirm the preferred option. It then demonstrates that the preferred option of a joint venture partner will result in a viable procurement.

- 4.2. The Updated OBC focuses on the delivery route for Site A, which is the first site in the second phase of the Council's Masterplan for Church Street.
- 4.3. The Updated OBC builds on the second stage of the Original OBC, approved by the Cabinet Member for Housing, Regeneration and Finance in August 2020. The Original OBC sets out the preferred option for Site A which has been developed by the Council alongside its Multi-Disciplinary Consultant Team (MDCT) for a scheme that has now achieved planning consent. Alongside this, the Council has commenced its procurement process for the appointment of a joint venture partner in line with the joint venture partner delivery option approved in the Original OBC.
- 4.4. It is prudent to revisit decisions and confirm they remain valid. During the three and a half years since the Original OBC was prepared, the market and political environment has changed and, particularly ahead of a significant decision point, i.e. the outcome of the joint venture partner procurement process, it is appropriate to reconfirm the preferred delivery option. The update to the Original OBC focuses on reaffirming the partnership delivery route by returning to the elements of each of the five cases (Strategic, Economic, Commercial, Financial and Management) within the Original OBC that are pertinent to the delivery options.
- 4.5. The Updated OBC concludes that the Council has the finances, track record and the resources or the ability to procure the necessary expertise to successfully self-deliver Church Street Site A if necessary. Joint venture partner delivery however provides an opportunity to balance risk and reward, time, quality and cost. It therefore remains the preferred route, subject to the proposed joint venture partner delivery being on terms that achieves the Council's objectives and delivers a fair distribution of risk and reward.
- 4.6. The drivers for partnership delivery can be summarised as:
- Bringing in a partner's significant experience and skills in a complex area and benefiting from their expertise such as on private sales and constructing complex urban regenerations.
  - Aligning public and private sector incentives to achieve the Council's objectives and deliver value for money.
  - Leverage private sector debt to reduce the Council's exposure.
  - Sharing of development risk.

## 5. **Financial Implications**

- 5.1. There are no direct financial implications of this report as the recommendation is for the preferred option to remain with a partnership delivery route. The initial implications for this were considered in the Cabinet Member Report for Church Street's Outline Business Case Part 2, approved in August 2020. These will be retested in the Cabinet Report on the outcome of the procurement process for a JV partner in early 2024.

- 5.2. The Updated OBC does acknowledge that the Council's budget will require updating with the expected bids of prospective partners. As part of the Council's annual budget setting the Council ran sensitivities which demonstrated that the outcome of the procurement would be affordable. This will be explored further in the Cabinet Report for the outcome of the procurement.

## 6. **Legal Implications**

In noting the recommendation in this report, the following legal implications apply:

- 6.1. Section 1(1) of the Localism Act 2011 introduced the "general power of competence" for local authorities, defined as "the power to do anything that individuals generally may do" provided it is not prohibited by other legislation. The general power of competence expressly includes the power to do something for the benefit of the authority, its area or persons resident or present in its area". The generality of the power conferred by subsection (1) is not limited by the existence of any other power of the authority which (to any extent) overlaps the general power.
- 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. Section 8 of the Housing Act 1985 (HA 1985) provides that every local housing authority shall consider housing conditions in their district with respect to the provision of further housing accommodation. Section 9 of Part II of the HA 1985 states that the Council may provide housing accommodation by erecting houses, or converting buildings into houses, on land acquired by them for the purposes of Part II of the HA1985 or by acquiring houses. These powers may equally be exercised in relation to land acquired for the purpose of disposing of houses provided or to be provided on the land or disposing of the land to a person who intends to provide housing accommodation on it.
- 6.4. In respect of the delivery of Site A, the legal structure of the partnership will need to be further considered once the outcome of the procurement process for the appointment of the joint venture partner is known. If the Council opts to use some form of incorporated vehicle to facilitate or undertake the regeneration, it will be necessary for this to be supplemented by a development agreement and/or development services management agreement and a lease/licence in respect of the relevant land interest(s). The Council intends to exercise its power of general competence under section 1(1) of the Localism Act 2011 for a non-commercial purpose (namely to further the Council's regeneration and social housing objectives) to enable use of a wider variety of corporate vehicles (for example, a limited liability partnership (LLP)). It may also be possible for the Council to have a corporate group structure which could involve one or more of its wholly owned companies owning shares/being a member of a subsidiary company or LLP

with perhaps a specific subsidiary to hold community assets such as a community interest company or registered society.

- 6.5. The Cabinet Member Terms of Reference delegate the powers of this decision to the Cabinet Member. Paragraph 33.12 of the Council's Constitution requires that all Cabinet Member decisions must be published on the Council's website for five clear days before the decision is taken. Any representations received during this period must be considered by the decision-maker before the decision is taken.

## 7. **Carbon Impact**

- 7.1. The recommendations of this report retain the current preferred option of partnership delivery and therefore no new carbon impacts arise from this decision. The Council will undertake a detailed carbon impact assessment as part of the Cabinet report on the outcome of the procurement process.

## 8. **Equalities Impact**

- 8.1. Section 149 of the Equalities Act 2010 created the public sector equality duty. Section 149 states:- (1) A public authority must, in the exercise of its functions, have due regard to the need to: (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 8.3. The Council needs to pay due regard to its findings when exercising its functions and making decisions regarding impacts on local communities.
- 8.4. An EQIA for Church Street was undertaken in September 2023 and can be found in Appendix 2 of this report.

## 9. **Consultation**

- 9.1. The Regeneration Team have worked with the local community to ensure that all key stakeholders are engaged and aware of the ongoing regeneration of the site. Extensive formal and informal engagement with the local community has been undertaken, and the consultation feedback has been thoroughly reviewed by the team and key themes responded to.
- 9.2. A residents' ballot was held in November and December 2022 which resulted in a 71% "Yes" vote in favour of the regeneration.

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

Tim Hampton, [thampton@westminster.gov.uk](mailto:thampton@westminster.gov.uk)

## **APPENDICES**


**Appendix 1 – OBC Update**

**Appendix 2 - EQIA**

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

**Declaration of Interest**

I have no interest to declare in respect of this report


Signed:  Date: 26 January 2024  
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 **Church Street OBC Update - Re-affirming the delivery route for Church Street Site A** and reject any alternative options which are referred to but not recommended.

Signed: 

Cabinet Member for Regeneration and Renters

Date: 26 January 2024

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.