

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**HOUSING AND PROPERTY SCRUTINY COMMITTEE****13 SEPTEMBER 2018****REPORT BY THE LEAD MEMBER FOR
FINANCE AND MODERNISATION****1. INTRODUCTION**

- 1.1 This report seeks to update Members on the projects within the Property portfolio.

2. LOTS ROAD

- 2.1 The Borough has two schemes proposed on Lots Road, one known as Cristiana Wharf and the other Lots Road South. The latter is a commercially orientated development but will also provide affordable extra care facilities.
- 2.2 The projects are connected because Christiana Wharf is in effect enabling development to maximise the available site at Lots Road South.

Christiana Wharf

- 2.3 This site runs parallel to Lots Road behind the buildings fronting the road and abuts the railway line. Access is from Lots Road. The current access forms part of the Lots Road South site and will need to be relocated. RBKC have land holdings from which this can be achieved without further purchase.
- 2.4 This is an operational site occupied by ELRS as a store for highways operations and also as a depot for street cleaning. The site is long and thin, providing a barrier between existing development and the railway.
- 2.5 The site is not considered suitable for residential or commercial development.

Project Rationale

- 2.6 The site needs to be reconfigured for a variety of reasons:
- 2.7 A new salt store needs to be built as the existing store (which is a temporary structure) has only a 1200 tonne capacity against an operational requirement for 1500 tonnes. The salt store is located on the Lots Road South site and needs to be moved to maximise the available developable space. It would not be viable structurally or financially to extend the existing facility.
- 2.8 Following the disposal of the Denyer Street Depot the operations there were transferred to Lots Road. Originally it was intended that the street sweepers were to return to a new facility built on Wiltshire Close. However, this proposal has now been abandoned and as such, the street sweepers will remain at Lots

Road. This being the case, a reconfiguration of the site is required and is overdue as many of the facilities are housed in porta cabin buildings of dated and poor quality.

- 2.9 The highways depot element has become somewhat confused with many of the items there being rarely used materials in long term storage rather than acting as an immediate reactive repair and storage facility. As such the proposed reconfiguration presents an opportunity to rationalise the site and make use of more efficient storage methods.
- 2.10 Attached are the proposed plans of the reconfiguration which went to preapp in early 2017 and reflect that initial advice from the planning department in respect of the salt store. A second preapp is currently being prepared and is due to be submitted over the summer 2018.
- 2.11 The new salt store is designed in such a way so as to have a welfare/office facility fronting Lots Road with a ground floor small retail unit.

Challenges

- 2.12 There are a number of challenges in respect of the project. These include:
 - 1) The site is split in respect of planning authorities with part of area immediately adjacent to the railway being in Hammersmith and Fulham. The area for the new salt store is wholly in RBKC planning remit. Clearly an appropriate strategy needs to be put in place as the works proposed in the H and F part may not necessarily need formal consent.
 - 2) The site is likely to be contaminated. Appropriate surveys are being undertaken to identify the extent. Clearly the treatment of the ground conditions has a significant financial impact.
 - 3) We are currently engaged with the services based on site with a view to agreeing a mutually acceptable design. The increased demand for space may mean that an off-site solution for long term Highways material storage needs to be provided.

Programme

INITIAL DRAFT PROGRAMME - Rev D 13.06.18 CHRISTIANIA WHARF																	
		06 / 18	07 / 18	08 / 18	09 / 18	10 / 18	11 / 18	12 / 18	01 / 19	02 / 19	03 / 19	04 / 19	05 / 19	06 / 19	07 / 19	08 / 19	09 / 19
1	Develop Initial Brief																
2	Design de-brief with Architect																
3	Prepare and submit Forward Plan																
4	Submit KDR to Cabinet																
5	Discussions with Planners at RBKC & LBHF																
6	Pre App to both RBKC & LBHF																
6	a Public Consultation																
7	Planning Application																
8	Detail design drwgs & Tender package																
9	Tender period & negotiation																
10	Appoint contractor & mobilise site set-up																
11	Relocate welfare facility																
12	Remove bin store																
13	Demolish existing Building																
14	Construct new welfare facility																
15	Finish road surfaces etc																
16	Install new signage & paint road markings																
17	Fill new salt store																
18	Final snagging																
19	Handover																

Lots Road South

- 2.13 Situated to the southern end of Lots Road the Borough has three contiguous land holdings. These comprise the current car compound and two acquisitions which were made 2017; the Lots Road Auction House and the Safestore building. The site is wholly owned by RBKC but there is a modest overage clause attached to the land of the two acquisitions.
- 2.14 Following the agreement to sell the former Thamesbrook care home Kings Road, Cabinet required that a replacement affordable extra care facility be provided in the South of the borough. Lots Road South was identified as the most suitable option to deliver this requirement as part of a mixed use development providing additional commercial and residential accommodation.

- 2.15 The original concept was that the Borough would be provided with the affordable extra care scheme on a cost free basis together with a one off premium payment. An alternative would be for the Council to receive an annual ground rent instead.

Project Rationale

- 2.16 The acquisition of contiguous sites creates marriage value which enables a significant uplift in value. The project is proposed to deliver the extra care facility back to the Borough at nil cost and either a capital receipt or rental income on a PRS/commercial scheme. This would be delivered by a JV partner by way of the grant of a long lease.
- 2.17 A team of advisors has been appointed and an initial scheme has been developed comprising a 55-unit affordable extra care facility, residential units and commercial space.

Challenges

- 2.18 There are a number of challenges in respect of the project. These include:
- 1) Planning: the site is challenging as it is split between RBKC and H & F planning authorities, both of which have very differing planning policies. Two pre-applications have occurred with both authorities with divergent opinions. A first pre-application is to be submitted to the GLA.
 - 2) OJEU: due to the degree of control required to deliver the affordable extra care facility any disposal/JV will require the use of the OJEU process. This adds a significant layer of cost and time. In addition, it may limit the number of potential bidders as many development companies shy away from such acquisitions due to the cost and nature of the process. Pinsent Mason are our legal advisors in this matter and have drafted the necessary PIN which is proposed to be issued in the autumn.
 - 3) Contamination is prevalent on the site: our assumption is that this will require the site to be dug out and the spoil removed and dealt with accordingly. As the London clay base under the site starts at 12m it has supported the design of a double level basement.
 - 4) Relocation of operational facilities: in addition to Christiana Wharf works it is necessary to relocate the car compound. RBKC purchased a site in 2017 in Park Royal and a scheme is being prepared for the relocation of the car pound to that site. A planning application is due to be submitted shortly. The cost of the land acquisition and construction will be covered by the rent received from both the RBKC and LBHF Parking Revenue Accounts.

Proposed Timetable: Delivery of Lots Road scheme, Chelsea	
Date	Milestones
OJEU Process	
Q3 2018	Prior Information Notice (PIN) published for developer procurement
Q3 2018	Public Exhibition and consultation commencement
Q4 2018	OJEU process for development partner selection
Q2 2019	Developer shortlist selected
Jan/Feb 2020 (expected)	Preferred development partner selected
2020/21	Planning application submission for site wide redevelopment
2022	Developer starts on site
2022-2025	Expected build period
2025/2026	Final scheme delivered

Communications and Consultation

2.19 It is proposed that we appoint London Communication Agency to support the borough in conjunction with the Central Comms Team to ensure a successful and thorough communications process takes place.

2.20 At present it is envisaged that consultation would commence in September 2018.

3. CANALSIDE HOUSE

3.1 Canalside House is a three storey office building located at the northern tip of the borough which provides traditional style office accommodation for 3rd sector organisations.

3.2 The property is well located on several local bus routes but is some distance from the nearest underground station at Ladbroke Grove.

3.3 The building is let on a cost recovery only basis with license holders occupying their own exclusive areas despite a number of those rooms only being used on an occasional/part-time basis.

3.4 The building is not DDA compliant, poorly laid out and requires a significant amount of works in order to address urgent health and safety repairs.

3.5 The building sits at the entrance of what will be the Kensal Gas Works development site which has the potential to provide the borough with c3,500 new homes once completed.

- 3.6 In order to maximise the density on the Kensal Gas Works development, the Highways infrastructure will require improvement and alteration and so a part or all of the Canalside House site will require demolition.
- 3.7 Two independent surveys were recently commissioned following the decision to withdraw the previous relocation proposal. These have provided the following budget estimates:

Description	Budget Estimate	Comments
Immediate H&S repairs and general refresh to decorations etc	£680k	£450k relates to windows and window sills. £160k relates to general redecorations etc
Full refurbishment with lift installation and re-modelling of floor layouts	£2.8m	To provide a fully accessible, flexible and modern working environment

- 3.8 The urgent works to the windows and sills are being instructed as a matter of urgency.
- 3.9 It is intended to defer any other work for a period of 12 months until such time as the long term future of the property is better understood.

4. BARLBY SCHOOL CONSULTATION

- 4.1 Two consultation events were held on 11th & 12th July 2018, between 4pm and 7.30pm each day.
- 4.2 The purpose of the consultation event was to seek residents' feedback on the proposal to locate the primary school entrance off Treverton Street and to relocate and improve the existing Ball Court and Playground on the estate; to remove the six garages; and to enlarge the Community Garden (as per the drawings presented at the HPSC of June 2018).
- 4.3 Invitation leaflets were delivered to all 258 residents on the estate, two weeks before the events.
- 4.4 At the events, residents were shown display boards illustrating the proposals, and they were invited to make their comments on feedback forms. We also answered residents queries. All queries were answered, and where appropriate relayed to the correct council department for their attention and response.
- 4.5 The high level summary of feedback over both days was:
- Only 20 of the attendees chose to sign in on the attendance sheet.
 - 42 feedback forms were received.
 - 28 respondents have children who attend Barlby school, and 14 do not.

- 38 respondents would like the Playground (only) and 23 would like the Ball Court and playground retained in the immediate area. 3 (Not all questionnaires were filled out completely) respondents would not like either retained.
- The 4 most popular pieces of equipment to be provided in the playground were:
 - o Timber climbing structure
 - o Slide
 - o Monkey bars
 - o Table tennis
- 13 respondents use the community garden and 28 do not.
- 30 respondents would like the community garden enlarged and 9 would not.

4.6 Other more specific comments that were received include (our proposed action in brackets):

- Automatic gate to be provided with residents' key fob to prevent parents' cars entering the estate to drop off children at school. (This will be provided as part of the project works)
- Provide screening between Exmoor Street homes and existing/proposed ball court area. (This is proposed)
- Keep the connection between the Ball Court and the Playground (The design will be adjusted to accommodate this)
- New areas to be gated off and locked (This is possible, but suggest further consultation)
- Currently there is no water tap in community garden (This can be provided as part of the project works)
- More plots in Community Garden Please (8 more plots can be provided as part of the project works)
- Don't damage existing tree in community garden (Noted and trees will be protected)
- Grass areas to have less fencing and not locked. (This is possible, but suggest further consultation)
- Grass areas to be open with seating (This is possible, but suggest further consultation)
- User of garage No 10 – user has mobility issues and requests replacement garage nearby (Referred to Housing Management)
- Can further plots be provided in Community Garden? (This will be provided as part of the project works)

Conclusion

4.7 Every attendee we spoke to supported the new school and the majority supported the entrance being situated off the quieter Treverton Street. The majority supported the relocation of the Ball Court and Playground. Three residents did not want the Ball Court and Playground retained at all. One resident was concerned about the need to relocate their garage by summer 2020.

Next steps

- 4.8 The next steps are to submit a s73 amendment to the current planning application for the new Ball Court and Playground, which we intend to do at the beginning of September 2018. We also plan to hold a further consultation event in September, once the application has been submitted.
- 4.9 Following recent legal advice, we will need to carry out a further formal consultation with residents, under s105 of the housing act, in order to appropriate the narrow strip of land from the HRA to the use of the school. This will involve us writing to residents and addressing any feedback they may have on the proposals. We are currently considering the logistics and timings of this.

5. LANCASTER ROAD YOUTH CLUB

- 5.1 Following revisions to the scope, estimated costs of works required to bring the property back into operational use are now estimated at c£50k.
- 5.2 These works are strictly limited to ensuring the building complies with all relevant legislation. Corporate Property has confirmed the final scope and actual costs of the works and contractors have been instructed.
- 5.3 Discussions with the previous tenant (EPIC) and Councillors have concluded that the property will be brought back into operational use and it has therefore been agreed that EPIC will reoccupy and recommence the delivery of youth related services upon completion of the required works.
- 5.4 A general budget code has been provided to facilitate this process and the actual budget holder will be confirmed once all interested Councilors return from leave periods.

6. CONCLUSION

- 6.1 The Housing and Property Scrutiny Committee is invited to note the contents of this report.

FOR CONSIDERATION

Councillor Mary Weale

Lead Member for Finance and Modernisation

Background Papers used in the Preparation of this Report: none

Contact officer: Richard Egan, Director for Corporate Property
(E) richard.egan@rbkc.gov.uk (T) 020 7361 2270