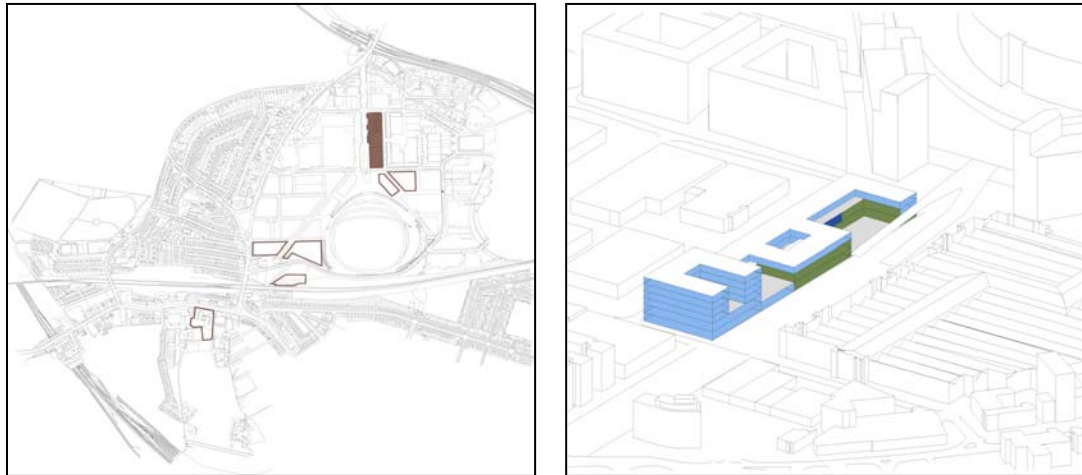


Appendix 5 – Site options

Set out below is a commentary on the three recommended site options for in the main report plus other potential sites that might form part of a solution but have yet to be fully analysed. Also included are comments on planning feasibility and observations relating to site values, and procurement options and strategy.

Site 1 – Olympic Office Centre



This 3 acre site fronts directly on to Olympic Way, a highly prominent location that has the potential to accommodate a civic centre building facing directly onto the northern end of the Boulevard which will ultimately run from Wembley Park station through to the town centre. The Olympic Office Centre, a 7,000 sq metre multi tenanted office building with associated parking, currently stands at the northern end of the site. The southern end is a cleared site currently licenced as a separate car park.

It is unlikely that the entire 3 acre site would be needed to accommodate the council’s brief, even were it to be expanded from current estimates. Our judgement at this stage is that perhaps around two acres of the site would allow for a highly satisfactory design solution, whether in a single or two connected buildings. Potentially the lowest cost option for the council would be a solution that left the existing office building undisturbed. A design that utilised the 1 acre car park at the southern end of the site together with the current office car park (approx a further 1 acre) would appear to have this potential, provided replacement parking for the Olympic Office Centre could be provided elsewhere or within the civic centre design.

There is a serious prospective constraint in the Wembley Masterplan, which envisages the widening of Olympic Way. This has the potential to reduce the width of this site from 52 metres to only 17 metres which if carried through would discount this site from further consideration. Consultants are currently engaged by the council to advise further on proposals for Olympic Way and as further information is confirmed, the justification for keeping this site on the shortlist will be reviewed.

Two meetings held with Insight have established that they view themselves as long term investors in Wembley and would only want to treat with the council on a leasehold basis. Notwithstanding this, we understand they were in negotiations in 2004 with Quintain to sell the site. It is understood that £15m was offered but that Insight were holding out for £20m. This suggests that a freehold purchase may be achievable but that the owner would be seeking a premium value to persuade them to depart from their current “hold” strategy. We believe the value aspirations of Insight will increase over time as the regeneration of Wembley continues.

Insight Investment Management are a property investment management subsidiary of HBOS. They have funds under management of £6 billion. They are currently involved with the funding of developments, including a scheme in Staines that will provide new council offices as part of a town centre regeneration project. Whilst they have in house development expertise, some form of partnership arrangement would be likely to be required in order for them to deliver a project of this scale and complexity for the council.

Site Six – LDA/Quintain Site, South Way



Located immediately to the north of Wembley Stadium station, and at the southern end of the Boulevard this site is at a pivotal point between the New Wembley regeneration area and the existing town centre. The site is divided by a new public open space and marshalling area for Wembley Stadium accessed by a new bridge over the railway line. These infrastructure works are due to be completed by the LDA in early 2006 in time for the opening of the stadium.

Quintain will develop the remaining land which already has planning consent for a mixed use development in the eastern section including residential and retail uses and a significant commercial development in the western section fronting Wembley Hill Road.

This site has the potential for various design solutions:

Single building solution - For the purposes of the massing study, WWM architects have applied the civic centre brief to plot of just over 1 acre immediately to the west of the new public space, shown highlighted on the above plan. Whilst the site offers a solution with excellent aspect on to a new public space and the brief can be accommodated, the small plot size has driven a multi storey design with a “tower block” feel.

Quintain have identified the western section of the site as the preferred location for the civic centre although they concede it would require a relaxation of the current planning consent to allow for a higher density development to accommodate the Council’s requirement on this plot alone. Our view is that this plot is likely to be too small to accommodate a satisfactory design for the entire civic centre, although this judgement will be refined as the brief is crystallised.

Two building solution – The site has the potential for a two building solution whereby the civic and public space is sited on the western plot with main road frontage to Wembley Hill Road and the office and administrative functions are located on the eastern side of the public square. No design feasibility has been undertaken on this and it is not clear how Quintain would view this solution, but we believe this option may have considerable merit and should be taken forward for further consideration.

Indications from Quintain suggest that they are open to all possible procurement routes although less inclined to sell land outright to the council. They may be more inclined towards a sale of the western plot which sits apart from the other mixed use elements on this site. If they were to agree to the sale of land it would be a long leasehold rather than freehold basis and they would impose some constraints on the design and timing of development to ensure it did not conflict with the phasing of their own development and the integrity of the wider Master plan. Quintain’s phasing of development along the Wembley Boulevard is currently under review and whilst the LDA site will ultimately be incorporated into the overall Master Plan for development, our view is that development on this site could proceed quickly and independently of other plots along Wembley Boulevard.

Quintain is an established property company founded in 1992. They have a successful track record in both investment and development and in recent times have recently sought to tackle substantial regeneration projects, including the Millennium Dome and adjoining land on Greenwich Peninsula. They have an established team of professionals dedicated to the regeneration of Wembley including Richard Rogers Partnership (architect), FPD Savills (property and development advisors) and EC Harris (construction consultants). Having secured outline planning consent for the first phase of development at Wembley, they are now underway with the refurbishment of

Wembley Arena and other infrastructure works. Of the three short listed site owners, we consider them to have the best credentials for delivering a civic centre for the council.

Qunitain have to negotiate with the council on their second stage planning application and associated section 106 agreements. We also think they may regard a new civic centre and the significant population and footfall that it would attract as a “pump primer” that would enable them to bring forward the development of other areas much quicker than currently proposed. The council’s leverage will need to be carefully applied should Qunitain prove reluctant to engage with the council on its preferred site and procurement route.

Site Seven – Brent House



Brent House was an option identified to members in the original feasibility study in February 2004. It is a 9,800 square metre building on a two acre site which occupies a prominent location close to junction of Wembley High Road and Wembley Hill Road. It currently houses the council's corporate, housing and environment departments and a One Stop Shop at ground floor which give it a high level of local recognition. To its eastern boundary is Elizabeth House part of which is leased by the council and to the west is Copland School, which has planning consent for a significant residential redevelopment.

Brent House's owners, CLS Holdings, previously engaged architects to develop three options for the civic centre, two for the retention of the existing building with added development over and in front, and a further option for complete redevelopment. Independently of this, WWM architects have undertaken a massing exercise based on the current maximum brief, which shows the civic centre comfortably accommodated on the site with efficient floor plates and public and political space spread over two floors. However, the site lacks any aspect over public open spaces.

To date, our analysis of the site has not addressed how adjoining sites could be incorporated to provide alternative designs. Preliminary discussions between CLS and the developer of the Copland School site indicate that there is some potential for incorporating part of the latter site with Brent House to create a bigger site. This would offer more varied and potentially better design solutions for the civic centre but would require the replacement of planned social housing elsewhere in the Borough. The temporary relocation of existing council staff is likely to be required whichever design solution is pursued. The cost of this has yet to be assessed but may act as a significant financial constraint on this option.

Of the three short listed site owners, CLS appear the most flexible on potential procurement routes and would be willing to treat with the council on the basis of land /building sale, leasing or PPP/PFI basis. CLS Holdings are a publicly quoted property company capitalised at over £380m. They have a substantial number of public sector tenants within their portfolio and have developed a number of fairly modest buildings in the UK and Europe for central government occupiers. Their track record in delivering significant development is fairly limited but improving (they are currently partnering with Sellar Properties on the "Shard of Glass" development at London Bridge). – They concede that a development partner would probably be required to deliver a scheme for the council.

The council have a strong negotiation hand with CLS. As the principal tenant, the asset value of the property will be affected if there is no long term renewal of the Council's lease upon its expiry in 2008 or unless they can enter into an agreement for a redevelopment of the site for the Civic Centre. The council will need to consider carefully its approach to the renewal of this lease as 2008 approaches to ensure that if Brent House is emerging as a preferred site option, they do not put themselves into a position where they have created a significantly enhanced asset value for CLS, that is reflected in the financial terms offered for a new building on the site.

It is vital therefore, that strong links and communications are maintained between the civic centre project team and the officers responsible for lease negotiations with CLS.

Other Options

Mahatma Gandhi House, Wembley Hill Road - The assumption in all feasibility assessments to date is that Mahatma Gandhi House (MGH) will be retained by the Council. However does potentially offer another solution, whereby MGH is redeveloped to provide the office and administrative functions, with the public and civic functions in a separate building nearby, most logically on the Quintain/LDA site.

This option has not been analysed in detail and amongst issues requiring further consideration are whether MGH site would be large enough to sustain office development of over 10,000 sq metres net and whether the cost of purchasing the building (on which the council have a lease expiring in 2016) and of decanting staff to allow for redevelopment would make it an unaffordable solution. Quintain have expressed interest in buying the building in order to facilitate a deal with the council however, the current owners would regard them as a special purchaser and doubtless look to extract a premium value from them.

York House, Wembley Hill Road – York House was purchased by Quintain in 2004 but is not included within their Stage One application area. The building is fully let and income producing although Quintain are progressing proposals to re orientate the entrance so that it faces into the New Wembley development area. They have also earmarked the extensive car park area to the front of the building for residential development although no planning application has been submitted. In our discussions, they have not put forward this site as an option for the civic centre however there is some unexplored potential that will be further investigated during the next stage of the project.

Planning and Compulsory Purchase

Both the Olympic Office Centre and Brent House have established office use and the consented Master Plan for the New Wembley area envisages mixed uses including a significant office element. Consequently, Brent's planning officers have indicated that office/civic centre use would be acceptable in principle on all three of the short listed sites.

Preliminary advice has also been obtained on the potential for the Council to acquire sites through compulsory purchase. The case for CPO requires "public interest" and would also require for a planning consent to be in place and a strong case that that the purchase of land was required to bring about development, i.e. that there were no alternative sites or that it was essential in planning terms for the Council to be located on that site – it would not be sufficient grounds that a particular site was simply "convenient" for Brent.

On this basis, it is advised as being very unlikely that Brent would be able to construct a satisfactory case for acquisition of a site through CPO.

Conclusions

- The three short listed sites currently offer the best potential options for the civic centre, although the Olympic Office Centre may drop out of contention if proposals to widen Olympic Way are carried through.
- All three sites offer alternative design options, although without the addition of adjoining land the Brent House site is currently the most constrained
- The table below summarises the likely procurement options for the three sites. This is not a definitive position and landowners may prove to be more or less flexible when detailed commercial proposals are sought.

Procurement Route	Site One – Olympic Office Centre	Site Six – LDA/Quintain	Site Seven – Brent House
Site purchase	X	✓/X?	✓
Pre purchase of completed building	X	✓	✓
Lease	✓	✓	✓
PPP/PFI	X	✓	✓

- The council's negotiating leverage is strongest with Brent House, where much of the asset value is tied up in Brent's own covenant, and Quintain, for whom the civic centre would act as a pump primer for accelerating other development.
- Land costs in the financial model are currently assumed to be £15million, although this is not currently founded on any specific assumption as to the land take required for the civic centre. Detailed valuations of specific plots have not been undertaken for this report but preliminary appraisals indicate that this is a relatively conservative assumption at the present time.
- However it is notable that the value of Quintain's landholding at Wembley has increased by £75.2m to £216m in their recently published accounts (March 2005), largely as a result of them securing their Stage One planning consent. We would expect a general upward trend in land values within the Wembley Regeneration area as Quintain's development is rolled out.
- The council's ability to avoid paying an unaffordable price for the land (or assumed price where land or the end asset is not purchased) and to avoid delivering the full value of its own covenant to the site owner/developer is dependent ultimately on a number of factors
 - that the chosen site does not house a long let, income producing asset or is not allocated for higher value, higher density uses.
 - that a competitive climate is maintained through keeping options open as long as possible and adopting a competitive tendering approach
 - that the preferred design solution whilst delivering to the council's vision, is not profligate with the land take required
 - that the council uses its leverage as effectively as possible in the final stages of negotiation