 <p>Brent</p>	<p>Cabinet 14 March 2016</p> <p>Strategic Director of Regeneration and Environment</p>
<p>Queens Park</p>	
<p>A new South Kilburn Enterprise Hub and Homes – approval to enter into the GLA Grant Agreement</p>	

1.0 SUMMARY

- 1.1 Working in partnership with the Oxford Kilburn Club (OK Club) and the South Kilburn Trust (SKT), the 'in principle' proposal is for land assembly and redevelopment comprising a new South Kilburn Enterprise Hub and c.40 homes.
- 1.2 To enable development Brent submitted a successful application to the Greater London Authority (GLA), through the London Regeneration Fund (LRA), securing £1.8m funding for the new Enterprise Hub.
- 1.3 This report details the proposal asking Members to approve entering into the GLA grant agreement. At the appropriate time the Cabinet will be asked to approve the land transaction and further agreements.

2.0 RECOMMENDATIONS

- 2.1 That Cabinet approve entering into the Greater London Authority Grant Agreement, securing £1.8m funding, to develop the proposed South Kilburn Enterprise Hub.
- 2.2 That delegated authority is provided to the Strategic Director of Regeneration and Environment to finalise the terms of the proposed GLA Grant Agreement, subject to consultation with the Strategic Director of Resources.

3.0 DETAIL

Background

- 3.1 The OK Club are freehold and leasehold (Appendix 1), land registered owners of land and buildings (the subject sites), located adjacent to Peel Precinct, Carlton House and Neville Close ('the Peel'). As per the South Kilburn master-plan, the Peel is earmarked for redevelopment, delivering a new health centre

and homes. As per the 14 April 2015 Cabinet approval, an architecturally led multi-disciplinary design team has been appointed, to prepare and submit 'the Peel' planning application.

- 3.2 The subject sites sit within the South Kilburn master-plan area. While they have not been identified for development in the short term, they are considered opportunities, located in the heart of a major regeneration area where the master-plan is currently under-review.
- 3.3 The subject sites comprise the following registered titles:
1. MX412097 freehold land owned by Oxford Kilburn Youth Trust "the OK Club", against which there is a registered charge held by the National Lottery Charities Board, site area comprises 566 square meters (sqm).
 2. NGL746772 freehold land owned by the London Borough of Brent, subject to two ground leases, site area comprises 1,116sqm.
 3. NGL112475 "the Christian Holt House" for comprising a user restriction as a hostel and training centre for youth leaders; and
 4. NGL607792 "the scrap yard and annex" comprising a user restriction to use the land as a playground and for the carrying on of activities in connection with the OK Club, leased to the Trustees of the Oxford Boys Club Trust, expiring on 23rd and 24th June 2066 with a rental of £275 (NGL112475 £175 and NGL607792 £100) per annum.
- 3.4 The Christian Holt House is a two storey residential building comprising ten bedrooms, shared living accommodation and a three bedroom self contained flat. The accommodation is used by volunteer staff from the OK Club. The property is in average condition. The premises are leased to the Christian Holt Housing Association Ltd, (registered as an industrial and provident society) and enquiries have been made on the terms. The scrap yard and annex, along with the freehold land and buildings owned by the OK Club, are used by the OK Club for its activities. The property is in poor condition.
- 3.5 The OK Club is a youth club and provides a range of activities and opportunities in the afternoons and evenings for children and young people aged 5-18.
- 3.6 The Oxford Boys Club Trust is a registered charity (no: 306108) from 22 December 1966 and removed on 19 September 2007. Its working name is the Oxford Kilburn Youth Trust.
- 3.7 The OK Club is a registered charity (no:1099564) since 22 September 2003, 5 year trading history shows that each year the organisation spends more than it earns. As at 31 March 2015 total Charity funds were £764,408, primarily comprising land and buildings £877,241.
- 3.8 Redevelopment proposals for the Peel, require the Council owned former Council offices; a porta-cabin, at 2 Canterbury Road, Carlton Vale, London NW6 5BS; (see surrounding interests plan at Appendix 1) to be vacated. The premises have been occupied by SKT since 2011, from where they run South Kilburn Studios. The latest peppercorn lease and meanwhile under-lease is

dated 19 May 2015. The contractual term is from 1 April 2015 to and including 30 September 2015.

- 3.9 SKT is a registered charity (no:1128515) working with Brent Council. It has provided a range of services to local residents since 13 March 2009. 5 year trading history shows losses and profit in some years. As at 31 March 2014 total Charity funds were £6,623,290 with £5,943,279 cash at bank and in hand.

The London Regeneration Fund

- 3.9 On 29 July 2015 the Greater London Authority “GLA”, through the London Enterprise Panel, launched a new £20m fund. The London Regeneration Fund (“LRF”) aims to re-energise the capital’s high streets by embracing the city’s talent for creativity and technology innovation. The fund invited proposals from boroughs, as well as sub and regional partnerships, workspace providers and community groups and charities within London.
- 3.10 The deadline for applications was October 2015 with announcements by January 2016. Brent Council as lead partner, working in partnership with the OK Club and SKT, submitted an application for £2m of capital funding, that would be matched by SKT (£1.5m capital and £.5m revenue), along with £400,000 capital investment funded by the Peel Precinct capital receipt. The application was successful, albeit the amount is reduced to £1.8m, subject to signing of the GLA grant agreement.
- 3.11 An exclusivity agreement, dated 30 October 2015 was signed by Brent, SKT and the OK Club ensuring the land will not be sold in advance of partners receiving confirmation of LRF.

Business Case

- 3.12 As approved by Cabinet on 19 October 2015, funding cuts will result in the closure of Brent’s youth service in South Kilburn, located in the Granville Centre. Because of this the SKT and OK Club offer is ever more important as they provide and plan to grow local youth services.
- 3.13 Run by SKT, South Kilburn Studios has established a local valuable community resource, providing: start-up business space to 30 Brent residents at any one time, events, workshops and commercial time to support the ongoing regeneration of the local area. Current occupation arrangements were always understood by Brent and SKT as temporary and to enable redevelopment notice seeking possession will be served in the coming months. There is an appetite for continuity of the South Kilburn Studio service in some form.
- 3.14 The Cabinet on 1 June 2015 approved the Strategic Property Plan 2015-19, enabling property acquisition in growth areas, to enable regeneration, retention and investment, to deliver uses that align with Brent’s Borough Plan, providing new homes to meet housing demand. The proposal provides Brent an investment opportunity.

Proposals

- 3.15 In September 2015 Architects Penoyre & Prasad produced a feasibility study (Appendix 2), that proposes to retain the existing OK Club building, demolishing all other structures. Redevelopment proposals comprise: a new 2 and 4 storeys community building, the existing OK Club building will be refurbished, along with a new 5 and 6 storey residential building 3,300sqm.
- 3.16 The community building and Enterprise Hub will provide flexible areas for community groups, events, office space, a community kitchen for staff, events and courses, and external community facilities along with roof gardens. The premises will be used by both the OK Club and the SKT.
- 3.17 The 40 new homes will be 50% affordable and 50% private sale, subject to further negotiation. In accordance with Brent's Strategic Property Plan 2015-19, the proposals provide an investment opportunity. The proposed unit mix is: 12 no 1 bed 2 person, 16 no 2 bed 3 person, 8 no 3 bed 4 person and 4 no 4 bed 5 person homes, a total of 40.

Planning commentary

- 3.18 The adopted Supplementary Planning Document (SPD) for the South Kilburn Master-plan area identifies the site as a Community Centre providing facilities that need to be retained or replaced to meet local needs. It is also referred to as a site with development potential for residential, subject to securing a community use and being pursued in a way which reflects proposals for the wider area. The review of the master-plan is currently underway but is not envisaged to change this position.
- 3.19 The proposal to provide 50% affordable housing would fully meet housing policies and objectives as would the indicative mix of units. The indicative drawing in Appendix 2 shows the retention of much of the original building which would be strongly supported in maintaining a building of some local value. However, the overall proposal has yet to be sufficiently developed to allow a review in planning terms.

Next steps

- 3.20 The proposed next steps:
1. Brent to enter into the GLA grant agreement (31 March 2016). The proposal is to transfer the required outcomes to SKT through a service agreement (June 2016). In order to meet the delivery timeframe, architects to be instructed to further develop the proposed design (March 2016).
 2. Negotiations in respect of the land are ongoing, the OK Club and Brent have exchanged independent valuation reports, and both sides have instructed their respective Chartered Surveyor (Members of the Royal Institute of Chartered Surveyors) to narrow down the difference in valuation opinions. While the initial proposal was for the OK Club to sell their land interests, they have since shifted their position and are considering investment options. Suitable terms of occupation for the new community space will need to be agreed with the SK Trust and OK Club. Whatever is

the final land transaction, this will require legal advice on the most efficient transactional structure to mitigate unnecessary duplication of costs. A Cabinet paper detailing the agreed arrangement will be provided at a future date.

3. Collaboration agreement, including the approach to procurement to follow.

Communication

- 3.21 A communication plan has been put together by Brent, SKT and the OK Club, that aims to communicate to local residents and stakeholders about the early development of a new community and Enterprise Hub in South Kilburn. SKT will co-ordinate much of the communications, the principle messages will come from the OK Club as principle land owners.

The GLA Grant Agreement

- 3.22 The GLA Grant contribution will be up-to £1.8m. The proposed grant agreement has recently been received from the GLA. The below outputs and timescales for draw-down of funding are based on the bid to the GLA, which the GLA are likely to reflect in the funding agreement. The operational delivery outputs will then be included in the service contract proposed between the Brent and SKT.
- 3.23 The bid proposed that construction commenced in Quarter 2 of 2016 and completion of construction (and the commitment of GLA funding) by the end of March 2018. However, the site is not yet in single ownership and ready for development, meaning the start date for construction is likely to be delayed to 2017. The funding agreement timescales will need to be negotiated with the GLA to ensure that the timeframe for construction is realistic, based upon delays to completion of the property deal and receiving the funding agreement.

The timetable for grant draw-down included in the bid is as follows:

- 3.24 100% of the GLA funding is capital, for use in the proposed construction works. Note, this is based on the original bid submission of £1.95million so will need to be amended in agreement with the GLA based on the £1.8million offered by the GLA. As noted in 3.24, the timescales of draw-down will need to be renegotiated with the GLA before entering into a funding agreement.

- 16/17, Qrt 3: £251,399
- 16/17, Qrt 4: £502,797
- 17/18, Qrt 1: £754,196
- 17/18, Qrt 2: £441,609

Total: £1.95m (to be adjusted to reflect GLA approved £1.8m).

- 3.25 The GLA state that all funding should be drawn-down on or before 31 March 2018. An additional 12 months – financial year 2018/19 – is allowed in order to collect and validate output and outcome data, during which match funding can also be spent. If relevant, milestones should still be included for activity in financial year 2018/19 even though GLA funding will not be available.

- 3.26 The GLA's funding (as proposed) is entirely related to the construction/ refurbishment costs of the buildings.
- 3.27 At the time of application, it was proposed that partners (envisaged as SKT) funds will cover: all land acquisition costs, public realm costs, revenue costs, and the balance of build costs. Revenue costs were included to the end of 2019/20 – to cover the initial letting period of the development.

Service level agreement with SKT

- 3.28 The following is information that was included in the bid to the GLA that is likely to be reflected in the funding agreement. Therefore, this will need to be included in the service contract with SKT who will be the lead in delivering the enterprise hub operations.

1. 67 construction jobs:
2. 101 new jobs and safeguarding of a further 27 existing jobs.
3. 109 businesses will be supported (primarily expected to be 1 / 2 person businesses within the Hub) through the provision of new good quality premises and business support offer through the South Kilburn Trust.
4. It is expected that with accommodation of this nature there will be opportunities over the initial years to encourage businesses within the Hub to move-on into other premises in the area (to be promoted as part of the wider redevelopment proposals for South Kilburn), or for others to fail. This "churn" component could be expected to involve approximately 15% - 20% of tenants, with a subsequent overall increase in jobs growth generated by the Hub. Over the first 5 years this could create an additional 50 – 60 jobs
5. 64 desk spaces and 22 self-contained office suites will be provided in the newly refurbished/ constructed space.
6. Business support – the provision of advice, mentoring and other services to a range of businesses, within the Hub (and potentially remotely). This offer could provide assistance to a significant number of local residents and businesses.
7. Training: Over 50 trainee placements could be made on an annual basis.
8. Skills workshops/ seminar activities for young people and other community members to improve and gain work specific skills and training
9. Various job experience activities and training - through the hub's business occupiers
10. Workshops and seminars to improve the skills offer/ and career expectations.
11. Community Events: More than 50 workshops per year with some 500 residents being engaged locally.
12. Numerical data from the operation of the business club and workspace will be collected by the South Kilburn Trust in order to be evaluated every 12 months.

Issues & risks

- 3.29 Issues and key risks as follows:

1. The parties are unable to agree the terms of the land transaction. Alternative options are currently under review, but if a site cannot be identified it would result in the proposal coming to an end.
2. Acquisition and/or variation of premises comprised in leasehold interests under title numbers NGL112475 and NGL607792 delayed or not forthcoming (OK Club action).
3. Charities Commission consent to disposal of site is delayed or not forthcoming (OK Club action).
4. Delay in obtaining Big Lottery Fund consent to any development proposal affecting Oxford Boys Club Trust
5. Difficulty with terminating the lease with the Christian Holt Housing Association, resulting in delays (OK Club action).
6. Delay in commissioning of architects (SKT and Brent action).
7. Delay in drawing down GLA grant funding could put this investment at risk (OK Club, SKT and Brent action).
8. Unable to agree a revised timeframe with the GLA for delivery of the construction and associated draw-down of funding, based on delays to date to the funding agreement and land transaction.

4. FINANCIAL IMPLICATIONS

- 4.1 The costs and funding sources for the scheme are set out in Paragraph 3.10 of the report, which also deals with the ongoing revenue costs of £500,000, which will be funded by SKT. Cabinet should note that this scheme is not currently in the Capital Programme, but that funding to meet the costs are included in the report, and thus there is no additional strain on finances if the scheme is agreed. Attention is drawn to risk 7 at paragraph 3.20 which relates to the transfer of a £400,000 capital receipt from the disposal of the Peel Precinct.

5.0 LEGAL IMPLICATIONS

- 5.1 The funding agreement from the GLA has only just been received. Should detailed comments be necessary, these will be added to the final Cabinet paper. Previous agreements have been based on the outputs and schedules outlined in the bid as outlined in section 3.28. It is imperative that these requirements are included in the contract for the SK Trust so that they hold accountability for the delivery of the GLA funding agreement.
- 5.2 The freehold properties are subject to long leasehold interests that need to be acquired and/or varied as part of any redevelopment
- 5.3 The consent of Big Lottery Fund may be required to any development proposal which affects the land subject to the Big Lottery Club Legal Charge

6.0 EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 The enterprise hub and community space that will result from this development will create opportunities for Brent residents. Delivery partners will be required to monitor the demographic diversity of the beneficiaries. The partners should ensure opportunities are effectively promoted to all residents in the borough,

making additional efforts to do so in the priority neighbourhoods identified within the borough's Regeneration Strategy.

- 6.2 The programme of construction and delivery will also need to ensure all required accessibility measures are in place to enable people with physical disabilities or impairments to access the space.

7.0 STAFFING/ACCOMMODATION IMPLICATIONS

- 7.1 There are no new staffing or accommodation implications for Brent staff.

8.0 ADDITIONAL INFORMATION

Appendix 1. Site photos, existing landownership & block plan, and a surrounding interest plan

Appendix 2. Proposed block plan and landownership.

9.0 Background Papers

None.

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Appendix 1 – Site photos, existing landownership & block plan, Council offices - a porta-cabin at 2 Canterbury Road & the Granville Centre.



View looking north down Neville Road



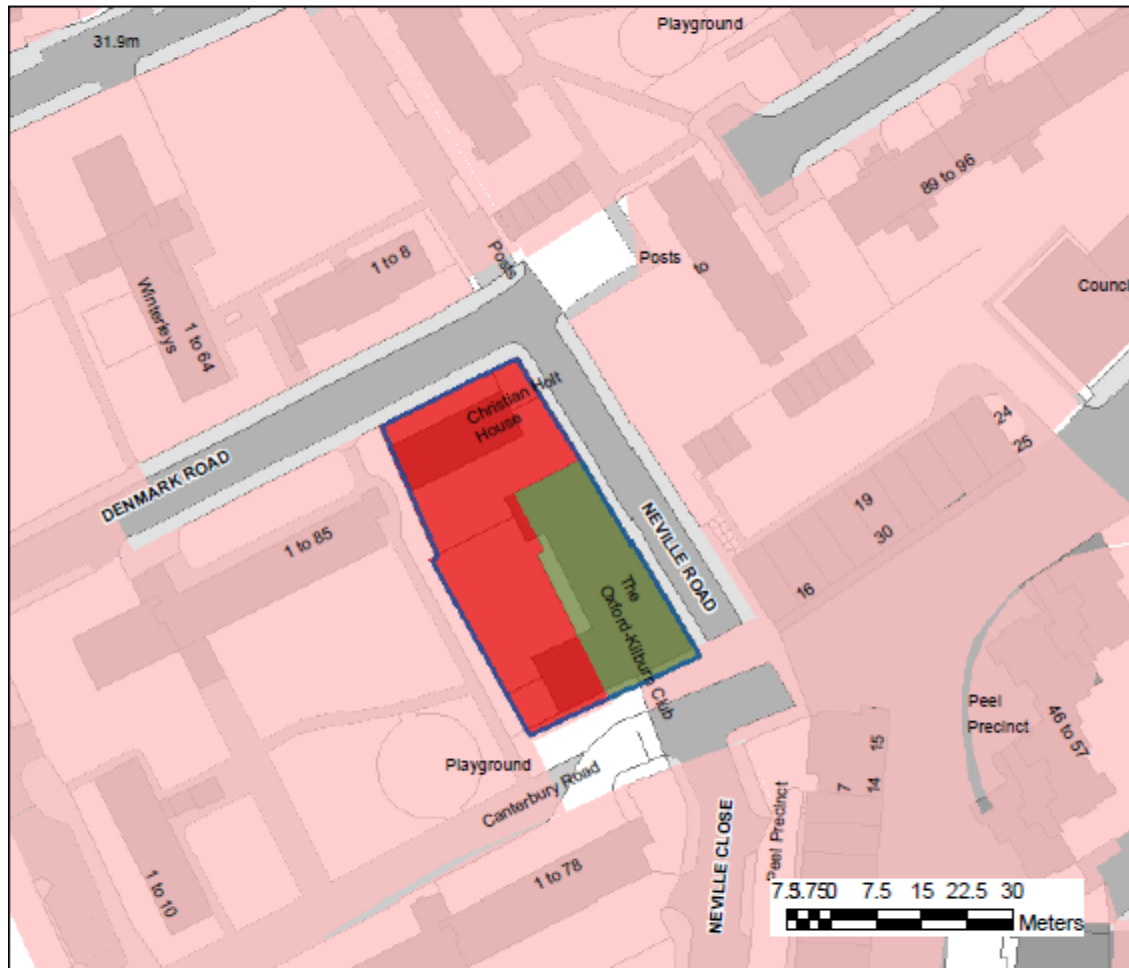
View looking west down Canterbury Road







Existing entrance and single storey extension

Existing. Landownership (including title information).

Enterprise Hub Site, Neville Road, London, NW6 5BT - Freehold Titles



Brent

-  Enterprise Hub Site
-  Other Brent Ownership
-  Oxford Kilburn Youth Trust - The OK Club - Title No MX412097
-  London Borough of Brent - Title No NGL746772

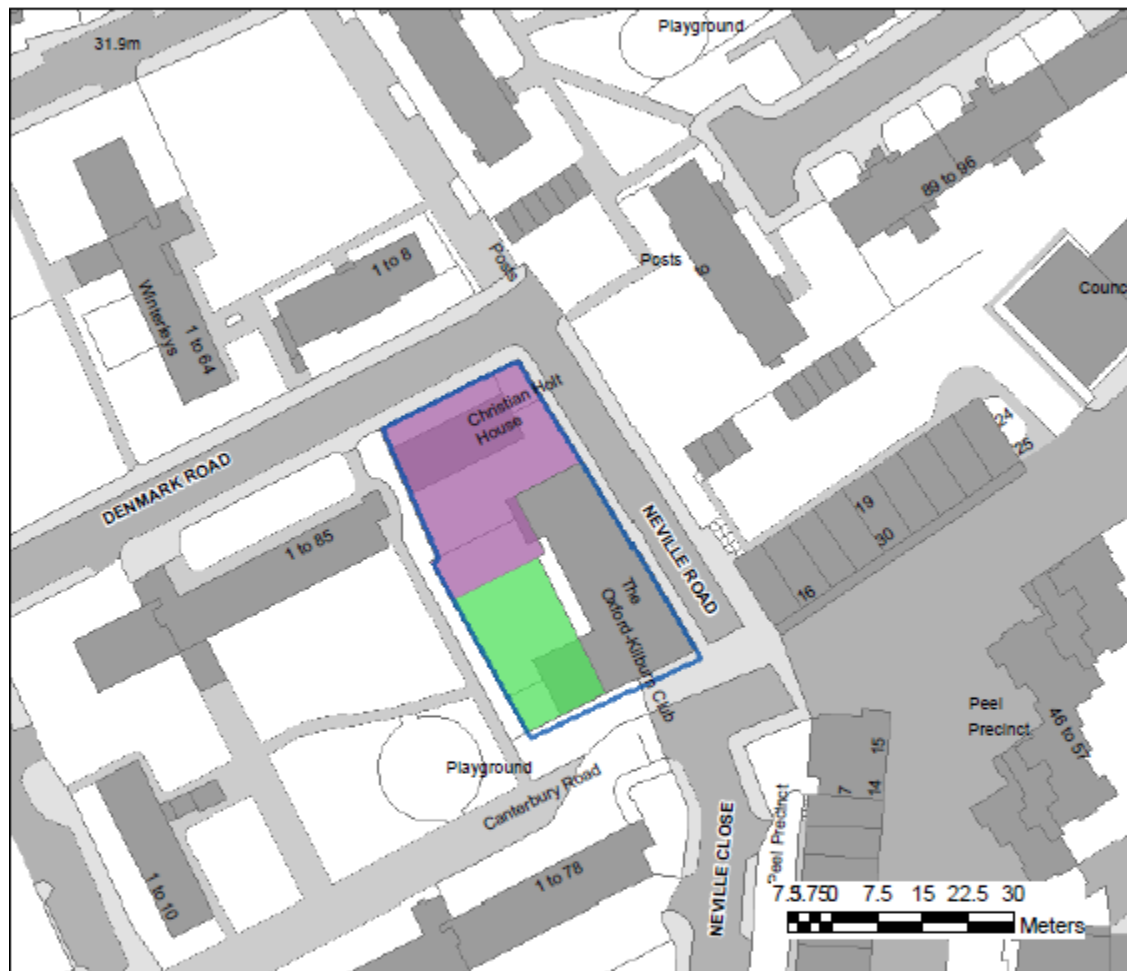
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NORTH



Enterprise Hub Site, Neville Road, London, NW6 5BT - Leasehold Titles



Brent

-  Enterprise Hub Site
-  Oxford Kilburn Youth Trust - NGL112475
-  Oxford Kilburn Youth Trust - NGL607792

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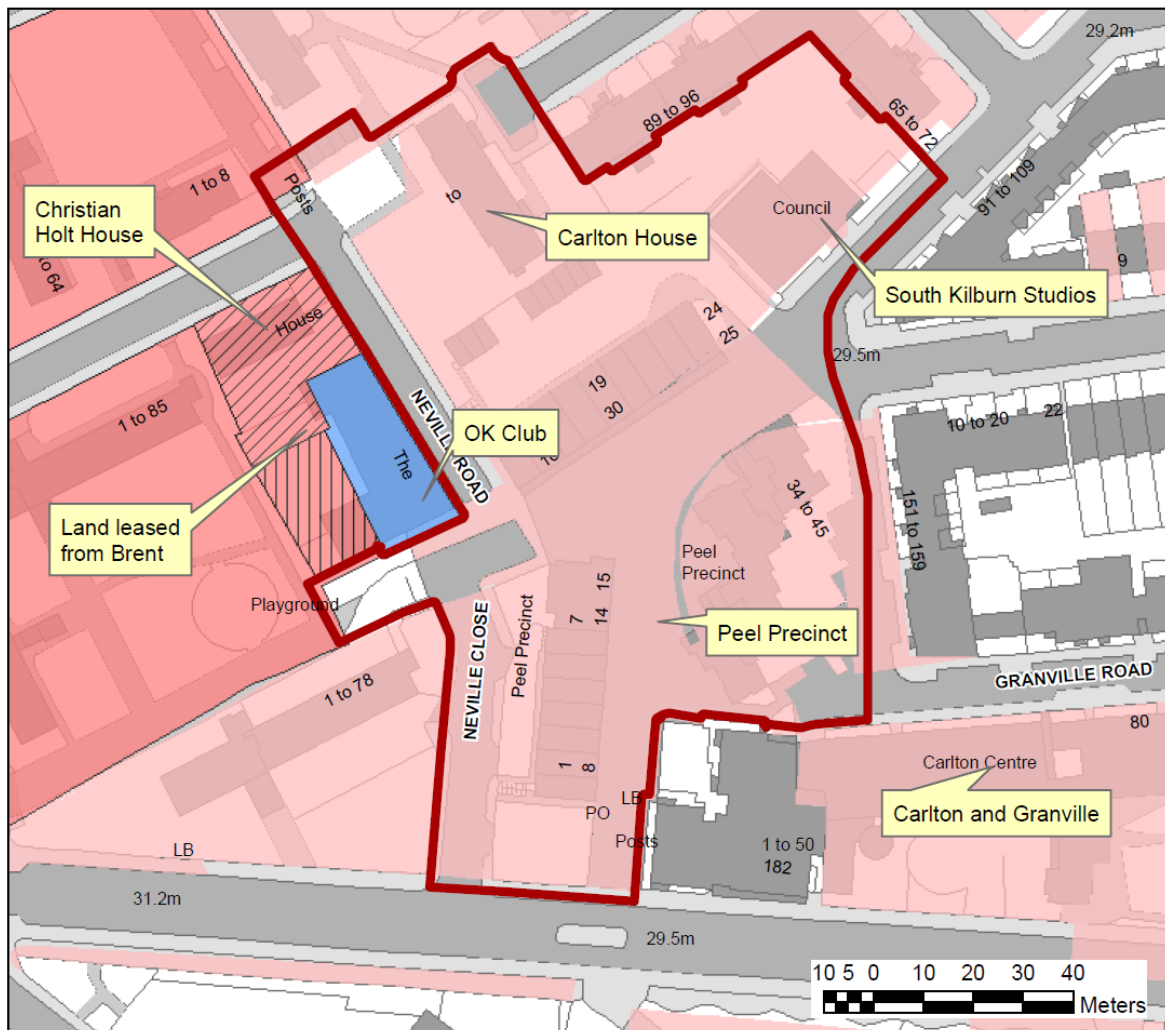








Existing - block plan



Surrounding Interests Plan Particularly Identifying Carlton & Granville and South Studios

OK Club and Surrounding Interests



- | | |
|--|--|
|  Other land in Brent ownership |  Leasehold NGL112475 |
|  Brent Freehold NGL746772 |  Leasehold NGL607792 |
|  Oxford Kilburn Youth Trust Freehold MX412097 |  Carlton House and Peel Precinct Regeneration |



Brent

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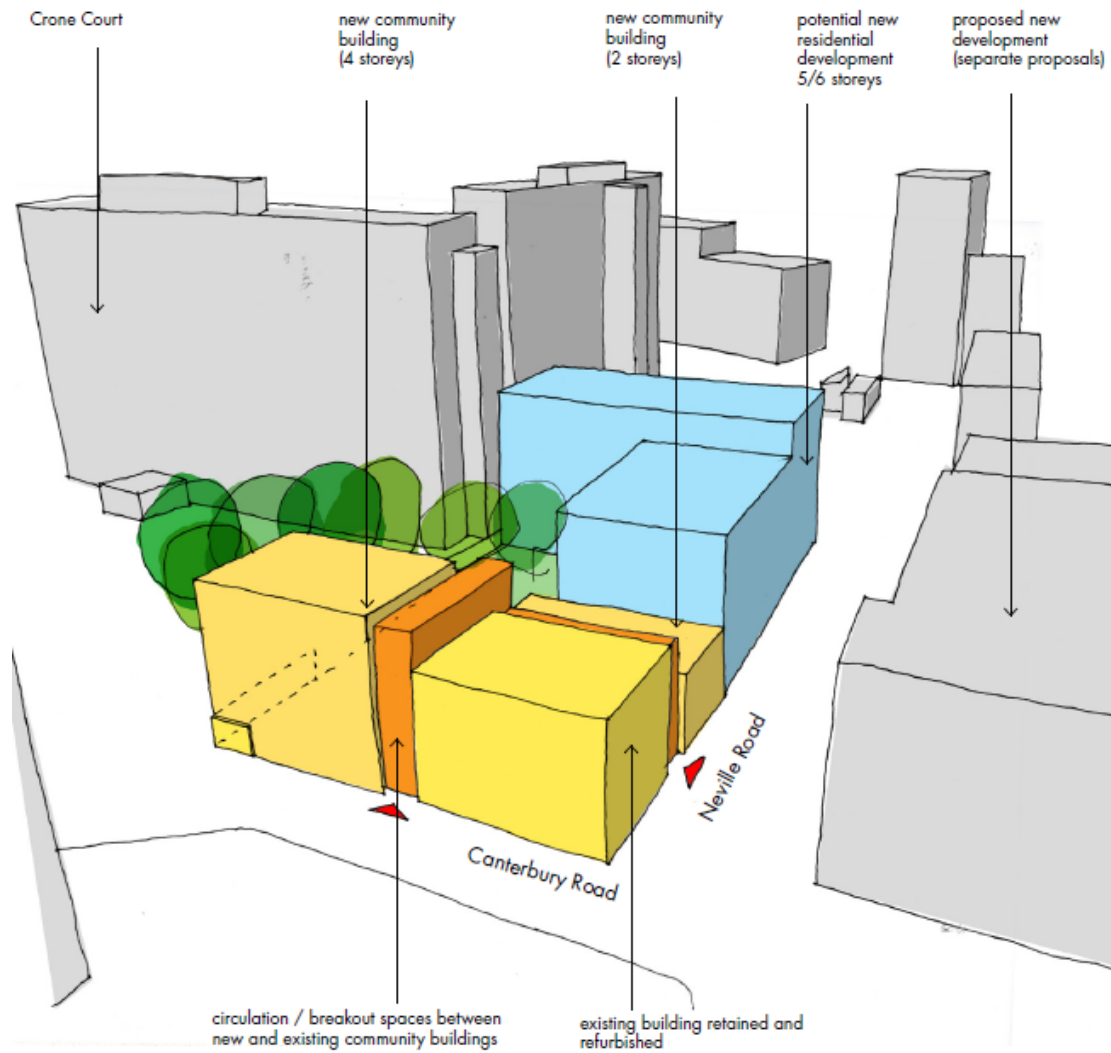
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NORTH



Appendix 2 - proposed block plan and landownership



Proposed landownership

The OK Club, Neville Road and Christian Holt House, 45 Denmark Road, London, NW6 5BP

