



Cabinet
11 March 2019

**Report from the Strategic Director
of Regeneration & Environment**

Carlton and Granville Centres Site – South Kilburn

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| Wards Affected: | Kilburn |
| Key or Non-Key Decision: | Key Decision |
| Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | Part Exempt - Appendix 2 is not for publication as it contains the following category of exempt information as specified in Part 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (Including the authority holding that information)" |
| No. of Appendices: | Two: <ul style="list-style-type: none"> • Appendix 1: Development options • Appendix 2: Indicative costs and funding options (EXEMPT) |
| Background Papers: | None |
| Contact Officer(s): (Name, Title, Contact Details) | Emma Sweeney Senior Project Management Email: emma.sweeney@brent.gov.uk Tel: 020 8937 1650 Property Matters: Nick Ljustina Operational Director of Property and Assets Email: nick.ljustina@brent.gov.uk Tel: 0208 937 5025 |

1.0 Purpose of the Report

1.1 This paper updates Members on the current position of two phases of the project at the Carlton and Granville Site in South Kilburn and seeks approval to take forward the next phase of the project.

2.0 Recommendations

2.1 To approve the continuation of Phase 2 of the project at the Carlton and Granville Site in South Kilburn to planning submission on the basis of the design option presented at paragraphs 5.2.5 – 5.2.7.

- 2.2 To agree to engage with South Kilburn Trust regarding possible future management arrangements of the Carlton/Granville Centres.
- 2.3 To note that Property Services will immediately engage with ULFA as set out in Para 10 below and to trigger the break clause as set out in the lease
- 2.4 To agree in principle that funding will come from different sources as set out in appendix 2 with the intention to seek Cabinet approval to enter into any necessary agreements with GLA or SKT in due course.

3.0 Background

- 3.1 Cabinet will recall that the initial Cabinet report regarding redevelopment and investment proposals for the Carlton and Granville Centres was received in July 2016 from the Interim Strategic Director of Resources. A significantly revised proposal was submitted to Cabinet in November 2016 following public consultation.
- 3.2 This November 2016 Cabinet report had broad backing from all sectors but with some reservations until the long term proposal was more settled.
- 3.3 The November 2016 Cabinet paper had the following recommendations:
 - Agree to the Phase 1 of the Carlton and Granville Centres site redevelopment being the refurbishment and reconfiguration of the Granville Centre to allow for an interim Enterprise Hub to be established.
 - Delegate authority to Head of Estates Regeneration in consultation with the Lead Member for Regeneration, Growth, Employment and Skills to enter into all agreements with the Greater London Authority in respect for the funding for the refurbishment of the Granville Centre.
 - Delegate authority to the Chief Executive in consultation with the Lead Member for Regeneration, Growth, Employment and Skills to enter into legal agreements, including any lease with the South Kilburn Trust (SKT) and also with the GLA to secure their funding contribution; in return for project delivery of the interim Enterprise Hub by March 2018.
 - Delegate authority to the Chief Executive in consultation with the Lead Member for Regeneration, Growth, Employment and Skills to oversee scheme development through further viability testing, local consultation, and planning consent;
 - Approve the procurement of an architecturally led multidisciplinary design team to develop a detailed planning application for redevelopment of Carlton and Granville Centres site as Phase 2 of the work. Irrespective of which procurement option is selected, Officers will report back to Cabinet to seek Member approval to award the proposed contract, once a preferred design team has been identified.

3.4 Phase 1

- 3.4.1 In November 2016 Brent entered in to an agreement with the GLA and also completed an agreement and lease with the South Kilburn Trust. The Estates Regeneration team led a design team and a main contractor to deliver Phase 1 consisting of refurbished community and workspace areas.
- 3.4.2 The refurbishment was successfully completed in April 2018. The South Kilburn Trust opened the Community and Enterprise Hub in May 2018 and a number of businesses from the SK Studios moved in along with new tenants.
- 3.4.3 The project has been well received and has generated a lot of local interest.
- 3.4.4 The funding agreement with the GLA was completed on time and to budget and is one of the schemes being used to showcase the London Regeneration Fund.
- 3.4.5 There is a high level of local sensitivity concerning this site and therefore consultation has been key to addressing those concerns and engendering local support.
- 3.5 Throughout the project there have been resistors to this change. The project has faced opposition since its inception in July 2016. A revised paper to Cabinet in November 2016 approved the development onto phase 2 of the project and a commitment of £1m to do so. As part of this approval, a consultation strategy was implemented to ensure existing users were involved throughout. As such Key Stakeholders meetings have been held regularly since this time.
 - 3.5.1 Focussing on the phase 2 element of this project there have been a series of consultations, open drop in events, individual meetings and workshops with stakeholders/existing building users.
 - 3.5.2 The designs have been fully considered for this difficult site in accordance with the comments from the community.

4.0 Phase 2

- 4.1 Following on from the November 2016 Cabinet report, Officers in Estates Regeneration have, in parallel to delivering Phase 1, made significant progress on the design aspects of Phase 2. Adam Khan Architects have been appointed to bring forward the long term proposals for this site and are working through RIBA Stage 3.

Subject to agreement from Cabinet the scheme will then be submitted for planning to approval of the recommendations contained within this report by Cabinet.

- 4.2 The indicative programme for this development is set out in brief below:
 - Contractor Procurement – Q3, 2019
 - Start on site – Q1, 2020

NB. This timescale will only be met if procurement of a contractor is via a framework. If not this project will seek further cabinet approval later in the year.

5.0 Design development for phase 2

5.1.1 The design has been developed and adjusted in consultation with the existing users and information about the existing buildings has been established. The community and workspace elements have been well developed and have been discussed in detail with each of the proposed users. These community elements will be:

- Children's Centre/Family Hub
- Granville Plus Nursery School
- Enterprise Space managed by South Kilburn Trust
- Community Space managed by South Kilburn Trust

5.1.2 Estates Regeneration will also instruct Adam Khan Architects to seek to include suitable space for the proposed Kilburn Hub given Members approval at Cabinet in September 2018 to roll out this initiative beyond Harlesden.

5.2 Ancillary Residential development

5.2.1 This site was added in to the South Kilburn Programme as part of the revised Masterplan in late 2016.

5.2.2 As this is an additional site it has provided the opportunity to review the housing tenure offered in South Kilburn different to the more typical average target of 50% affordable/50% private offer.

5.2.3 In July 2016 this site was identified for up to 100 residential units. This number is no longer considered by Officers to be realistically achievable as it would require the full demolition of the existing buildings, which is not a supported option.

5.2.4 In the remit given to Adam Khan Architects they were required to consider the social fit of the housing on this site as part of the consideration of the design in relation to the strong community presence. A range of development options were considered by Adam Khan Associates and officers, these are set out for background information in Appendix 1 with the recommended option set out below in full.

Recommended Design Option

5.2.5 Approximately 23 units delivered in response to the consultation outcome. This option endorses the principle of a less dense scheme whilst still achieving the benefits housing provides on the site, specifically better community safety with 24 hours passive surveillance of the outdoor spaces below.

- 5.2.6 The reduced in housing presented in this option will ease the community objection that Officers recognize as being focused on the housing impact. It will also resolve technical issues regarding the build and management of the space and should provide a more acceptable level of development as the taller housing element is removed from this option
- 5.2.7 It should be recognised that viability will have to be considered and some private housing may be required however the preference is for Council Housing.

5.3 Management options

- 5.3.1 Phase 1 community and enterprise hub is managed by South Kilburn Trust. Granville Plus Nursery School is managed by their Governing Body and Granville Children's Centre is managed by Barnardo's. The buildings they occupy are managed directly by Brent as is the Carlton Centre.
- 5.3.2 The Council has a contractual relationship with South Kilburn Trust for Phase 1 and there is a wish to engage with South Kilburn Trust with a view to them continuing to manage the service delivery of an Enterprise Hub under an agreement with the Council for Phase 2.

5.4 Existing Buildings/Users

- 5.4.1 The established users of The Granville (South Kilburn Trust), Granville Plus Nursery School and Granville Children's Centre will be worked around in terms of building work and we will ensure their services continue throughout the build. This will be done in partnership with these organisations, as key stakeholders, to ensure a successful outcome – there is likely to be some disruption in the environment they operate in but their services will continue to run.
- 5.4.2 The Carlton Centre was recently let to ULFA. This group are new to the site and as such are not part of the key stakeholders group so there is no provision for them to remain in the long term plans.

6.0 Financial Implications

- 6.1 The designs (based on the recommended option – 5.2.5) have been reviewed by a quantity surveyor and the cost breakdown is summarised in Appendix 2. As indicated in paragraph 2.4 officers will report back to cabinet with firm budget proposals prior to entering into agreements.
- 6.2 Based on the various funding options, if the scheme delivered 100% social housing the council could be required to contribute up to £7m to fund the whole scheme (including the community and enterprise elements). However with the introduction of shared ownership and/or private housing elements this contribution falls by as much as 80%. This is an important consideration given the question of affordability within the HRA and the requirement for the HRA to be self-financing.

7.0 Legal Implications

- 7.1 Cabinet in November 2016 gave the Chief Executive in consultation with the Lead Member for Regeneration, Growth, Employment and Skills wide delegation to oversee scheme development through further viability testing, local consultation, and planning consent. However, following local consultation and the identification of the preferred design option, Members continued support for the development is sought.
- 7.2 In relation to the management of the Carlton/Granville Centres, the South Kilburn Trust would need to enter into a deed supplemental to the lease setting out management arrangements to ensure that they are required to maintain and repair the building to a good standard of repair.
- 7.3 In view of the fact that the lease to ULFA was contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954, the service of the notice to operate the break clause will enable the Council to obtain vacant possession of the building. Further information about arrangements with ULFA is contained in Section 10.
- 7.4 As detailed in Section 6, it is proposed that the budget for Phase 2 is met from a variety of sources. Where funding is proposed from outside bodies, it will be necessary for Officers to negotiate the terms of the contribution with a view to entry into legally binding agreements to secure the funding commitment. This point will return to cabinet once a detailed breakdown of other funding sources can be established.
- 7.5 The site will need to be appropriated to planning purposes in accordance with under section 122 of the Local Government Act 1972 and 203 of the Housing and Planning Act 2016. Permission will need to be obtained from Cabinet to appropriate the site once planning permission is obtained.
- 7.6 The appropriation will override certain third party rights that may currently exist on the site. It is therefore important to identify what (if any) rights will need to be overridden and build in a period of consultation with those that may be affected by the appropriation.

8.0 Equality Implications

- 8.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 8.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected

characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

8.3 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.

8.4 An estate wide equality impact assessment has been carried out for this site.

9.0 Consultation with Ward Members and Stakeholders

9.1 Since November 2016 there have been regular meetings with key stakeholders. This series of meetings has included existing users of the buildings as well as Kilburn ward members and the lead member for Regeneration, Highways and Planning.

10.0 Property Implications

10.1 Whilst the Granville is now under the management and responsibility of the South Kilburn Trust the Carlton Centre is the responsibility of the Council. Following the termination of council uses (Brent Start) at the building in April 2017 it was marketed to save on holding costs and potentially deliver an income stream in the interim. The building was marketed as follows:

- Maximum term 5 Years with bids confirmed up to £150k PA; Of the 7 bidders all required rights to renew except for one applicant, ULFA, who were prepared to proceed without;
- Further to a review of the timeframe, as outlined in the November 2017 Cabinet report, the Council revised the term to a 3 year lease with break clause after 18 months and, on this basis, agreed a rent of £1 pa. Once timescales were agreed the lease completed on 29th March 2018.

10.2 The key terms agreed with the final single bidder, ULFA, were:

- 3 year lease from 29th March 2018 with a Break Clause, operable by either party, to terminate on 6 months notice which can be served after the 1st year of the term;
- The Lease is outside LTA 1954 (no right of renewal).
- £1 pa rent with the tenant obligation to keep the property in 'good condition throughout' and cover running costs.
- They were also able to reach agreement with the Concorde Café to allow them to remain at the property.

It is estimated by Property Services that over an 18 month occupation that the Council will have saved over £150-£200k by implementing the lease. It should be noted that there are no budgets for maintaining vacant building and hence

the reason while meanwhile users are sought. Recent experience of squatters in 3 buildings has highlighted security and costs of putting good damage.

ULFA have nearly completed a full internal decoration and opened in July 2018.

- 10.3 29th September 2019 is the earliest date the lease can be brought to an end and vacant possession obtained. As the project is running to timescale, with estimated work commencement in November 2019 subject to funding and procurement of contractor, it is recommended that Property Services trigger the break at the earliest opportunity and are required to ensure vacant possession at that point. To avoid any issues arising it is also suggested that Property Services engage with ULFA at the earliest opportunity to reinforce the temporary nature of their current occupation.

Report sign off:

AMAR DAVE

Strategic Director of Regeneration and Environment