



Cabinet
25 July 2016

**Joint Report from Strategic Director
of Resources and Strategic Director
for Regeneration and Environment**

Kilburn

**Carlton and Granville Centres, Granville Road, NW6 5RA –
redevelopment and investment proposals**

1.0 Summary

- 1.1** The Cabinet approved Strategic Property Plan 2015-19 sets out a presumption for Brent to retain its limited property assets, utilising them to support regeneration, generating revenue savings, and capital investment for new income generation.
- 1.2** In January 2016 Brent successfully secured £1.8m from the London Regeneration Fund (LRF) which was matched funded with a further £2m (£1.5m capital & £500k revenue) from the South Kilburn Trust (SKT) to deliver a new Enterprise Hub as part of addressing the lack of good quality, small workspace provision in the borough and provide a permanent location for the South Kilburn Trust to continue to deliver services and support to the local community within South Kilburn.
- 1.4** This report updates Members on proposals to deliver a new Enterprise Hub and proposes the re-development of the Carlton and Granville Centres as a location for the Enterprise Hub and deliver 95 new home with additional community space.

2.0 Recommendations

- 2.1** That Cabinet approve Option 2 for redeveloping the Carlton & Granville Centres, Granville Road, London, NW6 5RA (the subject site) to deliver 95 new homes, an Enterprise Hub and 3274sqm of additional community use space.
- 2.2** That Cabinet agree a further update will be provided to formally approve final scheme plans and the required capital investment to bring forward the phased redevelopment of the Carlton & Granville Centres and ensure continuity of occupation for the Enterprise Hub within the site.

- 2.3** That Cabinet agree the site is included within the scope of the South Kilburn Masterplan review to ensure wider place making considerations are incorporated.
- 2.4** That Cabinet instruct the Strategic Director for Resources in consultation with the Strategic Director for Regeneration & Environment, Chief Legal Officer and Chief Finance Officer to enter into a legal agreement with the South Kilburn Trust and the GLA to secure their funding contributions in return for project delivery of the Enterprise Hub by March 2018, and setting out Council commitment to underwrite the shortfall in project funds.
- 2.5** That Cabinet delegate authority to the Strategic Director for Resources in consultation with the Strategic Director for Regeneration & Environment, Chief Legal Officer and Chief Finance Officer to oversee scheme development through further viability testing, local consultation, and planning consent.
- 2.6** That Cabinet delegate authority to the Strategic Director for Resources in consultation with the Strategic Director for Regeneration & Environment, Chief Legal Officer and Chief Finance Officer in respect to any works and/or professional services contracts for scheme development to agree pre-tender considerations, invite tenders and thereafter award the contract.

3.0 Detail

Carlton & Granville Centres

- 3.1** The Carlton & Granville Centres occupy a site of 0.398 hectares (0.983 Acres).
- Appendix 1 – Is a location plan showing where the Carlton & Granville Centres are.
 - Appendix 2 – Is a site plan highlighting the total Carlton & Granville Centres area that is to be redeveloped as part of this project.
- 3.2** As part of the original LRF submission that was agreed by Cabinet in March 2016, the preferred option was to redevelop the OK Club to include residential, a community building and an Enterprise Hub. However the OK Club withdrew from the process during negotiation.
- 3.3** Since then the Council has been actively looking at alternative delivery options. The proposed redevelopment of the Carlton & Granville Centres represents a significant improvement on the previous LRF bid on the OK Club site because the Council own the land at the Carlton & Granville centres and have an opportunity to develop a long-term development strategy for an underutilised asset.

Existing Use

- 3.4** The premises comprise a building previously part used as a youth centre based around a traditional hall at the Granville Centre with modern extensions to provide a children's centre run by Barnardo's, a children's nursery and the adjoining adult education centre 'Brent Start' housed in the Carlton Centre.

There is one continuing part time user at the Granville (Otherwise Club) and a small café serving Brent Start employees/users in the Carlton Centre

- 3.5** A major attraction of this site for redevelopment is that the Granville Centre is heavily under-utilised with the building currently about 90% vacant. Given that the Youth Centre left in April 2016 we have an empty Granville Centre. It is also proposed that Brent Start will be looking to vacate the Carlton Centre within the next 12 months. Going forward it is likely that we will have two vacant Council assets. The site also has good access to/from Carlton Vale and there is likely to be some synergy with the adjoining nursery, as users of the Enterprise Hub may well have young families.

Business Case

- 3.6** 'Do Nothing' is not an option and has many implications for the Council that are outlined below:

- The Council's reputation with the Greater London Agency (GLA) will suffer as a result of non-delivery and this could impact on future funding bids if Brent is perceived as a 'risky' investment prospect.
- South Kilburn Studios will be evicted from their current location in Canterbury Road which will leave up to 30 small businesses with no premises to operate from.
- Loss of goodwill with the South Kilburn Trust (SKT) who may need to find alternative accommodation as their existing office on Denmark Road is earmarked as a temporary surgery for one of the GP practices expected to move into the new premises when constructed.
- The Council will not be realising the full potential of an asset that could be used to meet wider community needs in terms of housing, employment and general well-being.

- 3.7** The proposed redevelopment of the Carlton & Granville Centres provides a unique opportunity for the Council to provide new workspace accommodation for up to 30 small businesses, deliver good quality housing for vulnerable households and support the delivery of the overarching South Kilburn Masterplan.

- 3.8** The Cabinet approved Investment Strategy has laid the groundwork for Brent to develop a more pro-active approach to undertaking long term public investment that is needed to transform the borough and the lives of its residents. In conjunction with the Council's Strategic Property Plan 2015-19 which emphasises the need for investment in our land and property to secure both long term capital gains and ongoing revenue income from rents – the redevelopment of the Carlton & Granville Centres provides Brent with an **ideal** investment opportunity.

Proposals

- 3.9** Officers are therefore recommending to continue working in partnership with the GLA and South Kilburn Trust to comprehensively redevelop the Carlton &

Granville Centres to deliver new homes, an Enterprise Hub and additional community space. The redevelopment would be split into 2 main phases.

- 3.10** Phase 1 proposes an immediate move of SKT and South Kilburn Studios to the Granville Centre for a period up to three years. Phase 1 will deliver around 900msq of workspace and allow SKT to immediately operate the Enterprise Hub and accommodate the South Kilburn Studio businesses as its first tenants, thus maintaining continuity. The terms for a short term lease have been verbally agreed by both parties and a plan to complete Phase 1 by the end of December 2016.
- 3.11** Phase 2 seeks to maximise the redevelopment potential of the Carlton & Granville Centres and secure a permanent location for the Enterprise Hub. Based on an initial feasibility study to deliver Phase 2 – the following 2 options are put forward for consideration:

Option 1 - Enterprise Hub at Granville and Residential only at Carlton

- 3.12** This option includes the refurbishment of the existing Granville Centre to accommodate a 1500sqm Enterprise Hub and the introduction of a new build residential development on the Carlton Centre. This option has the capacity to provide:

Carlton & Granville Centres – Option 1 Accommodation Schedule
14 x 1 bed 2 person (1B2P) flats 17 x 2 bed 4 person (2B4P) flats 11 x 3 bed 5 person (3B5P) flats
All 42 homes have been designed to meet minimum London Housing Design Guide standards.
Up to 1500 square metres of D1 community use space to accommodate Enterprise Hub.

Option 2 – Mixed development on both Carlton & Granville Centres

- 3.13** This option seeks to maximise the public value from the Carlton & Granville Centres through a phased redevelopment that would involve a mix use of Enterprise Hub, residential and community provision on both the Carlton & Granville Centres. The site has capacity to provide approximately:

Carlton & Granville Centres – Option 2 Accommodation Schedule
32 x 1 bed 2 person (1B2P) flats 47 x 2 bed 4 person (2B4P) flats 8 x 3 bed 5 person (3B5P) flats 8 x 3 bed 6 person (3B6P) houses
All 95 homes have been designed to meet minimum London Housing Design Guide standards.
Up to 3274 square metres of D1 community use space to accommodate a new Enterprise Hub and other community uses subject to local need/demand.

Next Steps

3.14 Assuming that Brent is able to retain the GLA Grant Fund then it is essential to deliver the Enterprise Hub by March 2018. An outline programme will be further developed to maintain progress in line with the GLA funding timescales. However any unknowns may result in dates changing. The immediate tasks will be to:

- Agree 3 year lease with South Kilburn Trust and relocate the South Kilburn Studios to the Granville Centre thus complete Phase 1.
- Procure design team to progress Phase 2 scheme plans from feasibility to outline design for Phase 2 in consultation with Planning & Highways.
- Secure Cabinet approval for Phase 2 final scheme plan and consult the local community as part of the wider South Kilburn Masterplan review.

Risks

3.15 Planning – The Granville Centre is locally listed as an Asset of Community Value. If Option 2 is preferred then in the event of a planning application affecting the site, it is essential to carry out extensive community consultation, demonstrate how local concerns have been addressed through the design process and deliver a better overall scheme.

3.16 Finance – We are at risk of not securing the time-limited GLA LRF funding grant of £1.8m and the £2m SKT contribution, either because we do not deliver the Enterprise Hub by March 2018 or because the partners do not support the revised scheme. This could potentially create the need to require greater corporate capital resource borrowing. Therefore it is proposed that Brent will underwrite the £1.8m GLA funding if need be and on the basis that SKT are still able to contribute their £2m.

4. Financial Implications

The table below highlights the financial implications for Option 1 and Option 2 from expenditure, income and a return on investment perspective:

Total Scheme Costs		
	Option 1 (£'000s)	Option 2 (£'000s)
Acquisition	-	955
Works	10,847	23,132
Fees	2,110	4,783
Other Costs (incl. Contingency and Interest)	774	1,957
	£13,731	£30,827

Total Income		
Rents	£'000s	£'000s
Affordable Rents (LHA)	348	744
Private Rent	420	985
D1 - Commercial	0	191
D1 - Subsidised	97	97
Annual Income	865	2,017

Annual Net Impact on Revenue	£100k	£280k
NPV	£2.5m	£7m
Underlying Value of Property	£21.1m	£47.1m

- 4.1** Option 2 provides requires a greater capital investment of about £31m but also delivers a much higher return on capital with a NPV of about £7m.
- 4.2** Currently both models that apply the 50% affordable housing target with the remaining 50% of residential homes being offered on a private rent basis and that 1500 square metres of D1 provision will be used to accommodate the Enterprise Hub. It is important to recognise the annual £65k opportunity cost of providing subsidised rent. Both models assume that 1500 sq metres will be used for the enterprise zone. There is also an assumption that the cost of managing the property would cost approximately 25% of the rental income but this is as yet untested.
- 4.3** Any changes to the core assumptions will have an impact on the return on capital so it will be essential to undertake further financial appraisals at key stages such as detailed design, planning submission to test scheme viability for the preferred Phase 2 option. This will help establish a clear Council investment strategy for delivering Phase 2.

5.0 Legal Implications

- 5.1** As indicated at paragraph 3.14, the proposed redevelopment of the Carlton & Granville Centres will require the procurement of a design team. These contracts for consultants forming the design team are likely to be classified as Low or Medium Value Contracts under the Council's Contract Standing Orders and as such will be procured using either a quote process for Low Value Contracts or a tender process for Medium Value Contracts. Any Medium Value Contracts will be subject to the Public Contracts Regulations 2015 ("EU Regulations") and must be procured in accordance with EU Regulations. Low and Medium Value Contracts may be procured by Officers using powers delegated under Part 4 of the Constitution.
- 5.2** The proposed redevelopment of the Carlton & Granville Centres will require a works contract to be let. As outlined in section 4, the total estimated value of such contract ranges from about £11m (Option 1) and circa £23m (Option 2) and the contract is thus classed as a High Value Contract under the Council's Contract Standing Orders. As such Cabinet approval is required to the pre-tender considerations, approval to tender and award of such contract. For the reason detailed in paragraphs 3.14, approval is sought to delegate powers to the Strategic Director of Resources in consultation with the Strategic Director for Regeneration and Environment, the Chief Legal Officer and Chief Finance

Officer to agree pre-tender considerations, invite tenders and award the works contract. In the unlikely event certain consultant contracts are classified as High Value Contracts, similar delegated approval is sought for such contracts.

- 5.3** In order to ensure GLA LRF funding grant of £1.8m and the £2m matched funding from the South Kilburn Trust, Officers will need to secure GLA and SKT agreement on the Member approved Phase 2 scheme option for location of the Enterprise Hub at the Carlton & Granville Centres.

6.0 EQUALITY & DIVERSITY IMPLICATIONS

- 6.1** A screening analysis of the likely impact of the proposals in this report has been undertaken and concludes that, in line with the deliverables and outcomes set out in the business case, the impact for protected groups will be positive. A copy of the Screening Analysis is available at Appendix 4.

7.0 STAFFING/ACCOMMODATION IMPLICATIONS

- 7.1** There are no new staffing or accommodation implications for Brent staff. However there will be a need to consider the relocation of the Children's Nursery and Barnardo's Children Centre as part of the phased redevelopment of the Carlton and Granville Centres.

8.0 PUBLIC SERVICES (SOCIAL VALUE) ACT 2012

- 8.1** Whilst the Public Services (Social Value) Act 2012 (the "Social Value Act") does not apply to works contracts, Officers will have regard to considerations relevant to the Social Value Act in the procurement of the works contract, namely the how the contract might improve the economic, social and environmental well-being of its area and how, in conducting the procurement process the Council might act with a view to securing that improvement and whether the Council should undertake consultation. Regard will be had to these same considerations if making further consultant's appointments.

9.0 BACKGROUND PAPERS

- [March 2016 Cabinet Report - A new South Kilburn Enterprise Hub and Homes – Approval to enter into the GLA Grant Agreement](#)
- [April 2016 Cabinet Report – Investment Strategy](#)
- [June 2015 Cabinet Report – Property and Asset Strategy 2015-19](#)

Appendix

1. Location Plan
2. Site Plan
3. Scheme Plan
4. Screening Equality Analysis

Contact Officers

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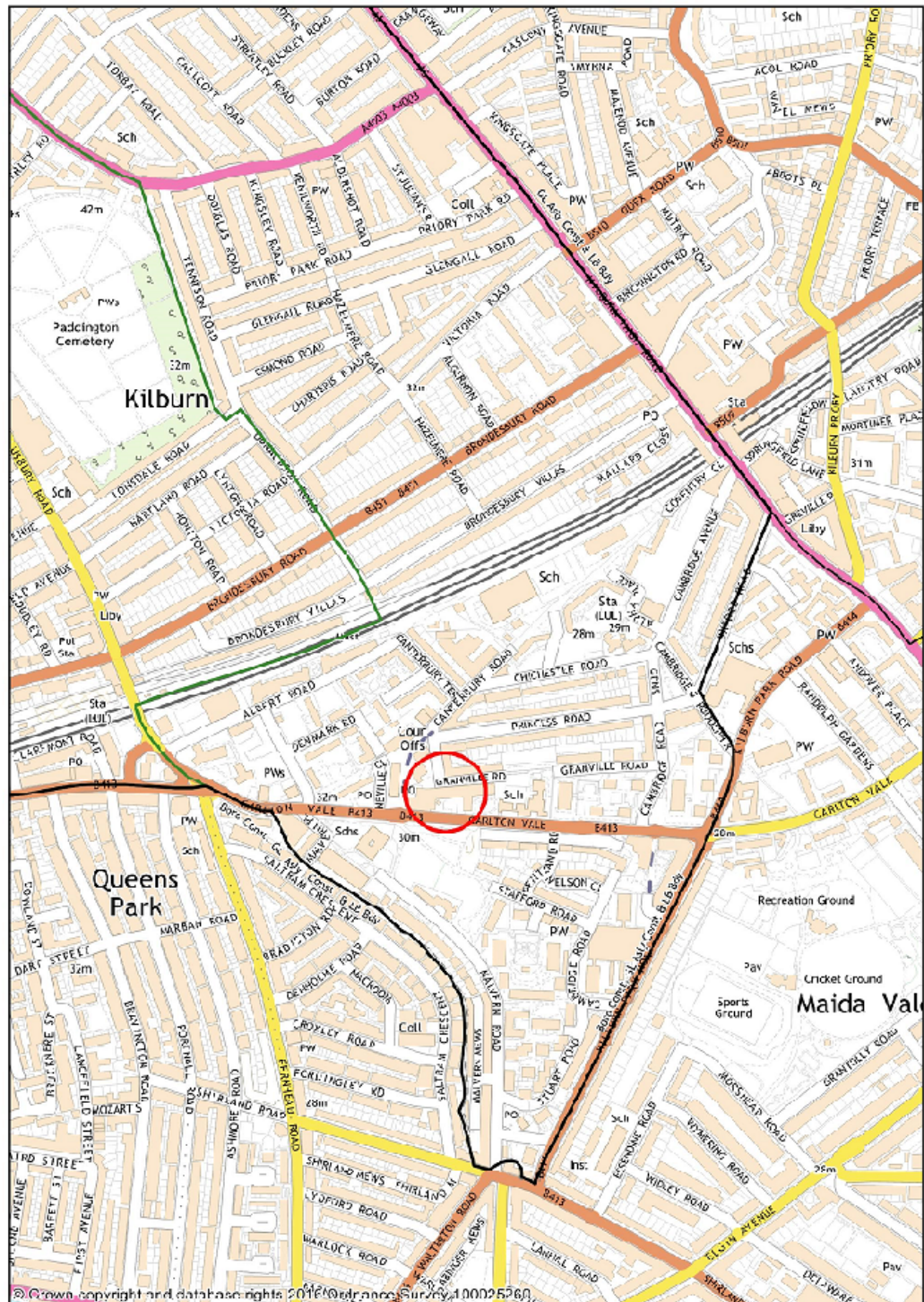
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Appendix 1 – Carlton & Granville Centres – Location Plan

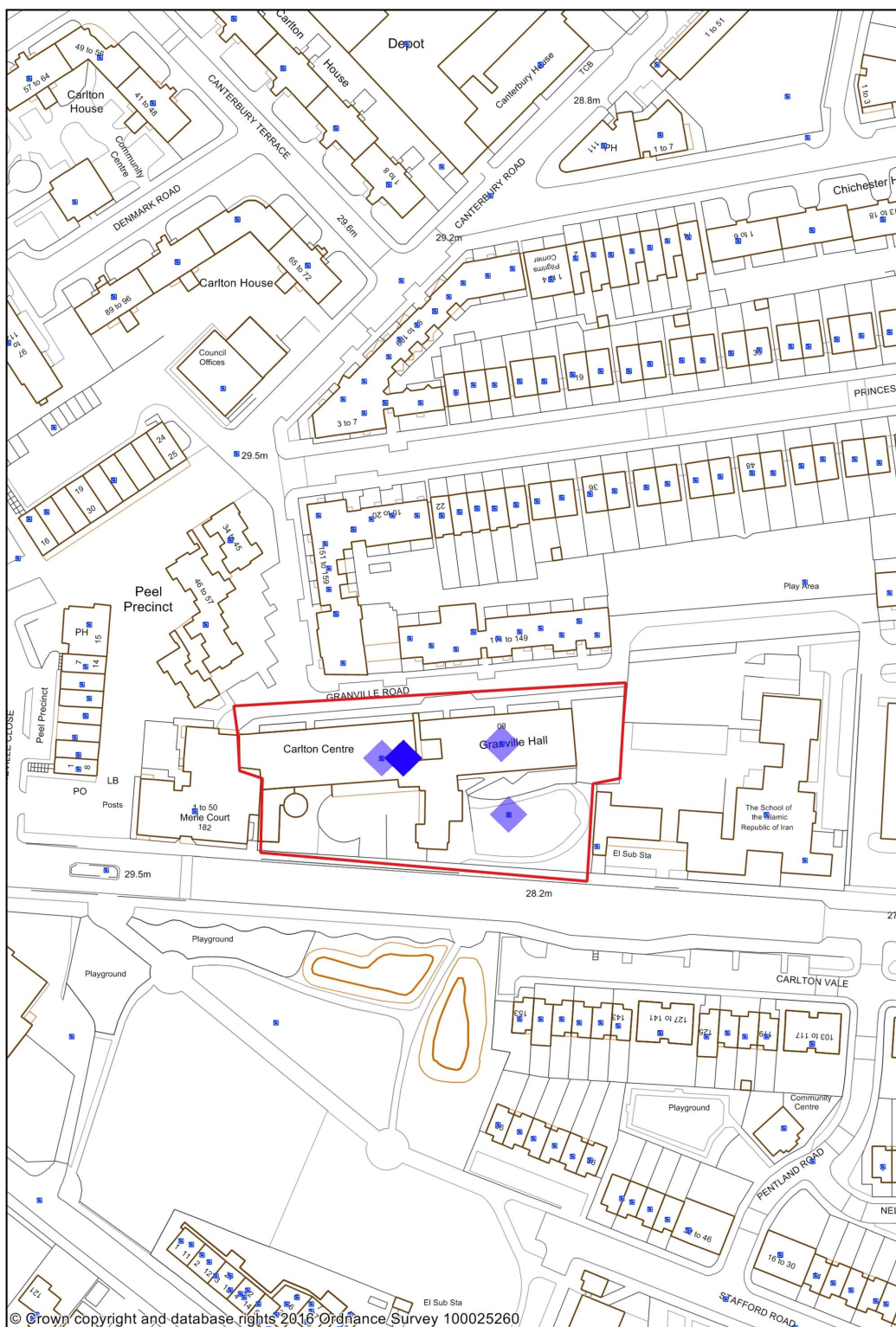


1:7500

0 0.1 0.2 kilometres



Appendix 2 – Carlton & Granville Centres – Site Plan



1:1500

0 0.02 0.04 kilometres



Appendix 3 – Phase 2 Scheme Plan – Option 1



** Please note that is an outline plan for the ground floor only.

Appendix 3 – Phase 2 Scheme Plan – Option 2



****Please note that this an outline plan for the ground floor only.**

Appendix 4: Equality Analysis

Stage 1 Screening Data

What are the objectives and expected outcomes of your proposal? Why is it needed?

The proposal covers the phased redevelopment the Carlton & Granville Centres, Granville Road, London, NW6 5RA to deliver new homes, an Enterprise Hub and additional community use space.

Who is affected by the proposal?

The proposal is relevant to residents in South Kilburn, small businesses in the area and the South Kilburn Trust. As the premises proposed for re-development are largely unoccupied and will shortly be vacated by the remaining users, there is no impact for existing users.

Could the proposal impact on people in different ways because of their equality characteristics?

The proposal will deliver new workspace accommodation for up to 30 small businesses as well as new housing for households in housing need. To the extent that some protected groups are over-represented among households in housing need or seeking employment opportunities, the positive impacts of the proposal may offer particular benefits to these groups.

Could the proposal have a disproportionate impact on some equality groups?

If yes, indicate which equality characteristic(s) are impacted

No, other than as noted above.

Would the proposal change or remove services used by vulnerable groups of people?

The proposal will provide new or improved services that may be used by vulnerable groups.

Does the proposal relate to an area with known inequalities?

Yes.

Is the proposal likely to be sensitive or important for some people because of their equality characteristics?

Yes – although the proposal is not seen as sensitive, it may offer important new opportunities for some protected groups and more generally.

Does the proposal relate to one of Brent's equality objectives?

The proposal relates to the following objectives:

- To know and understand all our communities
- To ensure that local public services are responsive to different needs and treat users with dignity and respect

Recommend this EA for Full Analysis?

No.