

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**HOUSING AND PROPERTY SCRUTINY COMMITTEE****13 MAY 2015****REPORT BY THE DEPUTY LEADER AND CABINET MEMBER FOR
HOUSING, PROPERTY AND REGENERATION**

This paper seeks to inform Scrutiny Committee of progress on the Housing, Property and Regeneration portfolio.

FOR INFORMATION**1 BACKGROUND**

- 1.1 The previous progress report was presented to Scrutiny Committee at its meeting on 12 March 2015 and this report continues with updates on the portfolio.

2 HOUSING**Grenfell Tower***The Programme*

- 2.1 New heating pipework has been installed in the communal areas.
- 2.2 Work to install new pipework, radiators and heat interchange units (HIU) in individual homes is progressing. Some residents have asked whether pipes or the HIU can be located in alternative locations. Rydon are carrying out individual surveys of homes to understand the specific layouts and options.
- 2.3 The scheme is 7 weeks delayed, which has been agreed by an Extension of Time being issued, which gives a new completion date of 23 October.
- 2.4 The delay has been caused by planning issues associated with the new windows and late demolition work.
- 2.5 The cost of the delays is being reviewed by cost consultants with the aim of containing the cost of extension of time within the existing budgeted amount.
- 2.6 There are no variances to the budget to report at present.

The Nursery

- 2.7 In April 2014 a lease was agreed with Lancaster West Community Children's network to re-locate the Nursery they ran at Grenfell Tower to the Resource Centre building located on the Lancaster West Estate for a 16 month period. This was due to the work being carried out to re-develop the Nursery, as part of the overall regeneration work at the Tower.
- 2.8 Since this time, RBKC's Family and Children Services (FCS) have been reviewing Lancaster West Community Children's network to assess if they would have the capacity to take on the new lease for the purpose built Nursery following completion on this new space in October 2015.
- 2.9 The review considered if the provider would be able to contribute to the Royal Borough's Strategies and deliver the outcomes and outputs the Borough would require from an early year's nursery provider. The review also considered the providers quality assurance, leadership and management and how well they worked with the Borough and other key stakeholders. The review required the provider to submit a business plan that was reviewed by a panel of RBKC officers that included representatives from Early Years Operations and Commissioning Teams, as well as a representative from RBKC Housing.
- 2.10 The plan was reviewed against a specification based on the issues detailed above. Following the review it was agreed that Lancaster West Community Children's network would be a suitable provider for the new nursery space. Early Year's have advised Housing and Corporate Property of this recommendation and arrangements are being made to agree a lease with the provider.
- 2.11 The above process was put in place to ensure that the provider of the space would meet the specific requirements of RBKC Early Years. The provider will still have to pass the credit and background checks test that are a requirement for any external organisation taking up a lease with RBKC, but subject to them passing these tests, they will be issued with a lease for the new space once it is ready in October 2015.

The Boxing Club

- 2.12 The Dale Youth Club has settled well into the premises they were decanted to at Lowerwood Court.

- 2.13 An agreement to lease has already been agreed with the Boxing Club and they will re-locate to the new premises once this is completed.

Purchasing properties to use as Temporary Accommodation

- 2.14 The Housing Department is developing a business case recommending that the Council purchase properties on the private housing market for the provision of Temporary Accommodation (TA). The following work streams are now being progressed to inform a business case that will be presented to Cabinet:

- A new TA procurement strategy is being drafted that will link procurement and any purchasing decisions to the needs of households in TA;
- Market research is currently being revisited to ensure that we specify units in affordable locations that meet our purchasing criteria. This will enable the Council to select areas that have the availability of affordable units and then create a price ceiling for units;
- Acquisition criteria are being specified which include property standards.
- A business plan is being developed that will set out the financial operating model for purchases. This will include all of the acquisition costs of the units (i.e. procurement method, conveyances, valuations and capital costs), ongoing management costs and the projected rental incomes. This will help create a comparison model to existing TA Private Sector Leasing and B&B accommodation to see the performance of the property types in each area.
- Initial discussions have taken place to look at options to select agents to identify properties and secure their purchase.

3 PROPERTY

Barlby/Treverton

- 3.1 We have now formally appointed the Design team, who have started to explore the opportunities to regenerate a number of specific residential blocks, within the Treverton & Balfour of Burleigh Estates including the expansion and replacement of the existing Barlby Primary School building (from 1.5 FE to 2FE) and provision of a new Special School (70 places, including respite).

- 3.2 Children's Services are in the process of developing a business case that increases the pupil places for the special school, from 70 to 80 pupils. Plus, an increase in the age range, from 19 to 25+ (in some special circumstances). This may also have an impact on the type and extent of respite that is being proposed.
- 3.3 The overall Cabinet-approved programme is on track. The Client Side Team is scheduled to be fully appointed by July 2015
- 3.4 First two public consultation events were held on 3 and 18 March 2015. Over 140 people attended the events and over 40 attendees completed feedback forms. Overall, the project was received fairly positively at this early stage. Issues and questions raised by attendees will be addressed in future communications materials. The architects will also provide their thoughts on how the design can deal with some of the concerns raised. We intend to send an update to residents after the election next month.
- 3.5 A high level programme is being developed along with the architects to agree dates for completing the Options Appraisal and subsequent consultation events.
- 3.6 Further updates will be provided as the project develops.

Marlborough New 2FE Primary School and Commercial Building

- 3.7 The paper approved by Cabinet on 24 October 2013 set out the proposal for a joint development with John Lewis Partnership [JLP] where the Clearings site and Denyer Street Depot would be sold to a developer with planning consent for residential development and a new depot, with section 106 contributions payable to the council to fund an interim school, managed by JLP, in the clearings building and a new primary school in lieu of affordable housing and a contribution for affordable housing delivery. In addition the council would take a share in the sale value, part of which would be used to fund a new income bearing commercial building to be constructed on part of the old Marlborough school site.
- 3.8 The paper anticipated planning consent being obtained in November 2013, when JLP would commence construction of the interim school, and RBKC would appoint the contractor for the pre construction stage of the new school and commercial building. The programme outlined would have seen construction commence on the new commercial building and new school in August 2014.

- 3.9 However, planning consent was not received until December 2013, ratified by the GLA in January 2014. This and the delay in the sale of the Clearings development delayed the start of works, due to JLP not being willing to fund the Interim School until sale funds were received. The resulting delay, compounded by higher construction inflation than was anticipated in 2013 when the budgets were prepared, has resulted in an increased cost of the project.
- 3.10 A paper will be presented to June 2015 Cabinet outlining the effect of this delay along with the implications and recommendations.
- 3.11 The sale of Clearings commenced with a marketing exercise, which produced a number of bids. Cabinet approved to proceed with a preferred bidder or with one of the two under bidders if required in June 2014 officers continued discussions with one party who has the capabilities to deliver such a project, with the sale subsequently completing on 16 April 2015.
- 3.12 In the absence of sale funds, JLP has decided to fund the Interim School from their own funds in advance of the sale. Construction commenced in March 2015, with completion planned for August 2015.
- 3.13 A Value Engineering [VE] register has been maintained during the detailed design stage, and records significant savings that had already been made on the school, and commercial building. The register will be continually updated as the VE process continues during the post tender stage. The total incoming funds to the council from the Clearings site sale has exceeded the original estimate and more than make up for the additional cost of the new commercial building and new primary school.

Fox Primary

- 3.14 The project is to expand the school from 1.5 FE to 2FE. This includes a new building extension and a major upgrade through refurbishment of the existing main building of the school. The works include the demolition of the administration block (cottage) and significant site clearance/excavation to locate the new extension.
- 3.15 The school is closely surrounded by adjoining properties and neighbours and there are complex and difficult site and access constraints to overcome as part of the works. There has also been much parental interest in the scheme.

- 3.16 The proposed works are split into two packages comprising of the enabling works package and the main works package.
- 3.17 Planning permission was granted for on 17 March 2015 subject to review by The Secretary of State to see if the application should be 'called-in'. It was confirmed on 27 March 2015 that the application would not be 'called-in'. Planning consent is therefore in place.
- 3.18 The enabling works contract will start in earnest in the May half term. This is delayed from the intended Easter holiday start due to the delay in receipt of planning permission and discharging planning pre-commencement conditions.
- 3.19 The programme is currently being reviewed with a view to absorb this delay in starting the enabling works. The planning delay may result in delayed completion from Jan 2017 to Easter 2017.
- 3.20 The scheme is on budget.

North Kensington Day Care and Community Hub

- 3.21 The Council is exploring the option to refurbish the former Kensington and Chelsea College (KCC) building on Maxilla Walk, North Kensington to provide a new Adult Social Care (ASC) day services and community hub.
- 3.22 The Council currently operates three adult day care services, both directly and commissioned, from two buildings – LD Resource and Grove, 1-9 St Mark's Road and Oremi, Unit 3 Trellick Tower. An ASC asset review carried out in 2013 concluded that these buildings, in particular 1-9 St Mark's Road, are no longer fit for purpose.
- 3.23 A pipeline capital bid for a new North Kensington Day Care and Community Hub was made this financial year.
- 3.24 The current building at Maxilla Walk would be extensively remodelled and refurbished to provide purpose built accommodation for:
- One Learning Disability (LD) day service;
 - Two mental health day services;
 - Bookable activity, meeting and training accommodation;
 - Office accommodation for RBKC Occupation Health teams;
 - Office accommodation for and voluntary organisations;

49 Bassett Road, W10

- 3.25 Following this extensive marketing campaign Fruition Properties were selected and contracts were exchanged on 6 October 2015 with a delayed completion of until 7 April 2015. The sale has now completed to Fruition at the agreed disposal price.

Commercial Lettings at Kensington Central Library

- 3.26 Major refurbishment work to update the fabric and mechanical/electrical services is nearing completion at Kensington Central Library. This is to ensure that the building's fabric and services are fit for purpose for another 20 years. The refurbishment program is also to deliver a much improved office provision within the non-operational areas of the building, achieving some of the Council's Corporate Property Strategy objectives.
- 3.27 The business case for the refurbishment project is based on a range of new rental income and savings against the overall cost of the refurbishment work. The return on investment was projected to be between 3.21 and 3.40 percent based on pure rental income. Taking into account the reduced maintenance, energy and rates cost to the Council when the space is let, increased the total return on investment to 6.23 percent. The range of rental values proposed in 2012 was £25-£30 per square foot for the second floor offices and £18-£25 per square foot for the Lower Ground Floor space.
- 3.28 The income now achieved from the agreed lettings is £35-£45 per square foot, which is expected to generate a return on investment of 13 percent per annum.
- 3.29 The projected completion date for the works to the second floor offices is end of April 2015, with tenants taking up occupation soon after.
- 3.30 There is an Agreement to Lease in place to let the lower ground floor to Holland Park Surgery. The ongoing CAT-B fit out work is proposed to be fully delivered by the end of May 2015, with the tenant occupying early June 2015.

North Kensington Library and Youth Centre

- 3.31 This potential project relates to the third and final phase of the Westway Strategy and is focused on developing a new facility for the community, including a new state of the art Library for North Kensington, a New Youth Centre, as well as producing new income streams to support funding of frontline services.

- 3.32 The existing North Kensington Library is housed in an unfit building with inefficient layout and difficult access, which is poorly insulated and expensive to heat. It is a grade two listed building, which makes modernisation very difficult and expensive.
- 3.33 A feasibility study has shown that the site of the existing Youth Centre together with part of the former car park of the Isaac Newton Centre could accommodate a new building. This could deliver a new level access North Kensington Library, a new Youth Centre and an element of ancillary commercial space on the upper floors of the new library building. On completion this would also allow the Council to retain and lease the old library to provide a future revenue income stream.
- 3.34 The existing library is a valuable frontline service used by many residents in North Kensington, and it is intended to retain and improve this facility in the new Library.
- 3.35 The new income generated from the existing library, once let, together with the new revenue stream from the commercial accommodation above the new library could be utilised to repay the cost of the new library and offset its future running costs.
- 3.36 A Key Decision Report on this project is currently planned to go to Cabinet in June 2015.

Holland Park Youth Hostel

- 3.37 The lease to Safestay Limited commenced on 12th January 2015 with no rent free period.
- 3.38 Safestay plan circa £600,000 of works over the next two years, but initial works of £300,000 are to be completed before they begin trading in August 2015.
- 3.39 Listed Building Consent has been applied for and the decision notice is due on the 23rd of April.
- 3.40 1950's Annex Buildings - [not Listed] - The planning application was submitted on 2 April 2015 and was invalid on submission (site plan not provided and drawings not to scale). These are mandatory validation requirements. The correct information was later received and the application was validated on 10 April. The statutory consultation closes on 8 May and the decision target date is 6 June

- 3.41 The interior refurbishment of the non-listed buildings has already commenced, as these activities do not require planning, as confirmed by Morse Heritage.

Parkwood Hall School

- 3.42 The School became a foundation school on 1st November 2014, but the Secretary of State has now approved the conversion to academy status which will take effect on 1 May 2015. The Council has been encouraging the School to become an academy because it provides a greater degree of autonomy for the School to develop its ethos, and because the Council could not otherwise agree to allow the School to continue with its current designation for children with MLD/SLD (moderate learning difficulties/severe learning difficulties) with boarding provision. Were the Council to continue as the maintaining authority, it would propose that it should become a special school for pupils with severe learning needs only, offering respite rather than the boarding provision which currently exists.
- 3.43 The freehold to the site has already been transferred to Co-operative Trust, which will operate the School, as a consequence of it having become a foundation school.
- 3.44 After 1 May, all future costs of maintenance become the responsibility of the Department for Education. The Council had retained this responsibility even for a foundation school, but has successfully argued that it has fulfilled that duty by carrying out works to maintain the buildings in a 'safe, warm and dry' condition.
- 3.45 The Council has agreed to contribute £160,000 (plus up to 5% contingency) towards the cost of removing asbestos from the school buildings when the academy conversion takes place. This refers to an area in the basement where asbestos has been 'sealed' by the Council. The Trust has undertaken that the works will be completed within 18 months otherwise the contribution will be reclaimed.
- 3.46 The Council has also agreed to underwrite any shortfall in payment of increased fees charged to other councils placing children at the School. For the 2014-15 and 2015-16 financial years, the Royal Borough has undertaken to operate the recoupment process so that there is no risk in terms of shortfall for Parkwood Hall School. Top Up payments are guaranteed for all current pupils, including those from other boroughs, attending this academic year 2014-15 and 2015-16, up to and including 30 April 2016.

3.47 The significance of this is that the additional income, which has applied from 2014, was necessary to finance the improvements which the School wants to carry out to the buildings.

4 RECOMMENDATION

4.1 The Housing and Property Scrutiny Committee is invited to note this report.

FOR INFORMATION

THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING, PROPERTY AND REGENERATION

Background Papers used in the Preparation of this Report: None

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