

## Historical Background to 7<sup>th</sup> July 2015 (REG278) Cabinet Decision

### Extracts from Cabinet report 7<sup>th</sup> July.

The existing Civic Centre building is no longer suitable for ongoing use due to its high operational and maintenance cost, difficulties with WIFI and mobile phone reception, and the reduced requirement for space resulting from more efficient ways of working and a smaller compliment of staff.

Cabinet in October 2014 (REG246) noted that Officers, supported by professional advisers, had undertaken a detailed review of all options available to the Council and had concluded that a new Civic Centre should be built on Bath Road Car Park site for the ongoing accommodation of staff in Hounslow Town Centre. This would then release the current Lampton Road site for housing development. This is in accordance with emerging Local Plan policy and the Hounslow Town Centre masterplan 2014, which seek to promote the regeneration of Hounslow town centre and meet the Council's housing target. Emerging policy included the allocation of both sites; Bath Road site has been identified for civic and housing uses, and the existing civic centre site for housing.

The Cabinet authorised the invitation of tenders for the development work at both sites, approved associated professional fees, noted that a business case would be presented back to Cabinet in June 2015 to consider award of contract to proceed, and noted the timetable to occupy the new building is summer 2018.

The existing Civic Centre is expensive to run, with annual costs of circa. £2.3m p.a. The building requiring a further £17m of maintenance works if it is to continue as home to the Council for the foreseeable future. The current building is also not particularly accessible for residents, nor does it meet the requirements of a modern organisation

Council Officers, supported by professional advisers, assessed 6 options for a new Civic building. This exercise looked at all available sites in Hounslow Town Centre as well as giving consideration to a re-modelling of the existing building.

The conclusion arising from this exercise is that Bath Road car park be redeveloped for a new Civic building with the Lampton Road site then given over for enabling Housing development.

- It will provide a boost to the regeneration of Hounslow Town centre through greater footfall of staff and residents

- The Council will be able to combine the library and registrar service with the new Civic building to create a strong community space
- It will bring to an end the isolation of the Civic HQ from the commercial centre of the town
- It provided more additional housing above and beyond other options
- It is likely to be the most attractive option to potential partners (CCG, Police, Council contractor staff etc)

Following a tender exercise the proposal is now to enter into a Development Agreement with a consortium led by BY Development Ltd, a subsidiary of Bouygues UK, to develop the new Civic building on the Bath Road Car Park site for occupation in summer 2018 and to complete the housing development for 850 units (40% Affordable Homes) on the Lampton Road site by 2022, with a first phase completion of circa 190 units by March 2018

The proposal also requires the Council

- To enter into an Agreement with the GLA to receive secure Housing Zone Grant Funding
- To provide Bouygues consortium with a licence to build on the Bath Road Car Park site
- To provide Bouygues consortium with a licence to build on Lampton Road prior to the passing title to the land when applicable in accordance with the Development Agreement

### **Additional Background**

The Hounslow Town Centre Masterplan was adopted by the Council in 2013, following extensive consultation and engagement. It sets out a clear vision with principles for the design and delivery of future development to promote the regeneration of the town centre and to ensure it retains its metropolitan centre status. It seeks to provide a holistic approach that responds positively to increased developer interest, following previously piecemeal development that resulted in uncoordinated left over land and poor relationships between developments.

The masterplan and Local Plan policy seeks to strike a balance between the competing, but also complementary town centre uses. The relocation of the Civic Centre to a new town centre location is key to this, by allowing the town to recapture its civic role and strengthening its role as a place to do business, network, meet friends, shops and live. The Bath Road site is accessible by public transport and allows the integration of library and civic uses thus also facilitating the renegotiation of the Council's lease at the Treaty Centre and allowing more efficient and cost effective use of this space and freeing up a significant new housing site on the edge of the town centre suitable for a higher proportion of family housing than that possible within the town centre. The 40% affordable

housing provision is a significant contribution towards our 3000 target over the lifetime of the administration.

Officers with their professional advisers prepared a costed control model for a new Civic building, together with an example housing scheme which were used to guide bidders in the tender.

The tender exercise used the London Development Panel framework and following invitations for Expression of Interest in November 2014 from the 25 developers on the panel, followed by a sifting exercise, 4 developers were invited to tender in December 2015.

During the tender period Officers met regularly with each of the Bidders to ensure 4 compliant bids would be received at tender close 27<sup>th</sup> March. Following presentations by each Bidder in April, formal evaluation of the tenders was completed and the consortium led by BY Development Ltd "Bouygues" identified as the highest scoring Bidder.

Bouygues is a consortium whereby Bouygues Development has partnered with Notting Hill (a leading Registered Provider) and Redrow Homes (a national housebuilder) to deliver both the Civic building and the new housing units. They have an established long term relationship through working together.

A Planning Brief for each site went out for public consultation early January, reviewed at 2 Area Forums and both Planning Briefs were adopted at the 25<sup>th</sup> February 2015 Planning Committee.

In January 2015 an application to establish a Housing Zone in Hounslow Central, was approved by GLA with grant funding of £18.5m. The Council is required to enable the building of 1000 units across 3 sites at Lampton Road, School Road and Nantley House by 2022. Housing Zone grant funding is provided to enable the acceleration of the building of homes in the Housing Zone with 40% of the homes to be affordable housing.

Under the terms of the grant, which are still being discussed with GLA, £15m is payable in phases for the construction of housing units in line with an agreed plan on the Lampton Road site. The phasing for which is still being discussed with GLA but requires a minimum of 150 units completed by March 2018 and a further 600 units by 2022.

A Hounslow Housing Zone Advisory Board has been established to provide governance over all housing sites and their terms of delivery within Zones, grant funding from GLA and the number of housing units to be built within designated deadlines. Membership of the Board includes the Leader of the Council, the Cabinet member for

Housing, the Chief Executive, Officers and GLA representatives (who attend to advise and receive information only). The Board is not a formal committee or subcommittee of the Cabinet but a mechanism by which the overall governance can be monitored and to ensure any decisions that are required can be made by the Leader or alternatively can be referred by him to Cabinet as considered appropriate. Doing so will ensure matters can be dealt with efficiently and in a timely manner.

Officers with their professional advisers have been working closely with the Bouygues consortium over the last few weeks to reduce the Funding Gap to the present level and costs for the new Civic building are at design level RIBA stage 2. Over the next 3 months designs will be taken to RIBA stage 3 level, and the Development Agreement provides the option for the Council to withdraw from the Agreement (November 2015 Cabinet) if there are any increase in costs.

Work has also been progressing with Bouygues consortium to increase the value from the Lampton Road site and whilst significant gains have been achieved over the last few weeks, this work will also continue over the next 3 months to further reduce the present Funding Gap, if possible

Bath Road Car Park Site Proposal – New Building



Appendix 3

Bath Road Car Park Site Proposal – Lampton Road Site Housing Development



1018\_Lampton Road  
Current Massing  
Allies and Morrison  
19/10/2015

### **Bouygues Consortium: Partners Profiles**

#### **Bouygues Development Ltd**

Established in 2007, Bouygues Development ('BYD') is the UK property development arm of the global Bouygues Group. BYD's key strengths lie in mixed-use, residential developments, the private rented sector and public sector-led regeneration schemes, and it has over £2bn of projects at various stages of delivery across the country. Key projects include:

- The redevelopment of Canning Town with LB Newham, where BYD is appointed as development partner for the regeneration of a 6.3 hectare site which will deliver 1,130 new homes, 300,000 sqft of retail space, a hotel, leisure and community facilities. Phase 1 (comprising 179 residential units and a Morrisons foodstore) was completed in May 2015 and Phase 2 is now on site.
- Queens Park Place in South Kilburn, where BYD is delivering 144 new homes and a Marks & Spencer foodstore in partnership with Brent Council. The project forms part of the wider South Kilburn Regeneration scheme which will transform this part of Brent: planning permission was granted in 2013 and construction is well under way with completion due for March 2016.
- Addlestone Town Centre, where BYD is delivering over 340,000 sqft of retail and leisure floorspace and 117 new homes in partnership with Runnymede Borough Council through the HCA's Development Partner Panel.

BYD offers financial stability: its strength of covenant means that it can unlock schemes through innovative funding solutions as well as investing for long term results (the Canning Town project is based on a 10-year delivery programme). Its integrated contractor-developer model allows it to take advantage of cost certainty early in the project, and to use the expertise of its construction sister company and other technical expertise within the Bouygues Group to ensure that deliverability is designed in from the outset.

#### **Bouygues UK Ltd**

Bouygues UK ('BYUK') is the Bouygues Group's UK construction subsidiary: it is the parent company of Bouygues Development and also BYD's construction partner. Since its entry into the UK market in 1997, BYUK has built up its team through a strategy of steady organic growth and targeted acquisitions. It has integrated best-in-class companies including Leadbitter, Denne, Warings and Thomas Vale – all respected contractors in their chosen markets and regions – to combine local expertise and heritage with the support of the wider Bouygues Group which operates in over 100 countries worldwide with sales of €33bn in sectors such as building, civil engineering, property development, facilities management, telecommunications and the media.

In the UK, Bouygues employs over 1500 people at its head office in Waterloo, its regional offices and its various construction sites across the country. Following the completion of its recent acquisitions, the group has a turnover of about £800m. BYUK delivers projects in the residential, commercial, education and healthcare sectors, with a particular focus on partnership working and collaboration with the public sector. It has delivered the new Home Office building for the UK government, moving from demolition to practical completion of this 750,000sqft flagship office building in just 34 months.

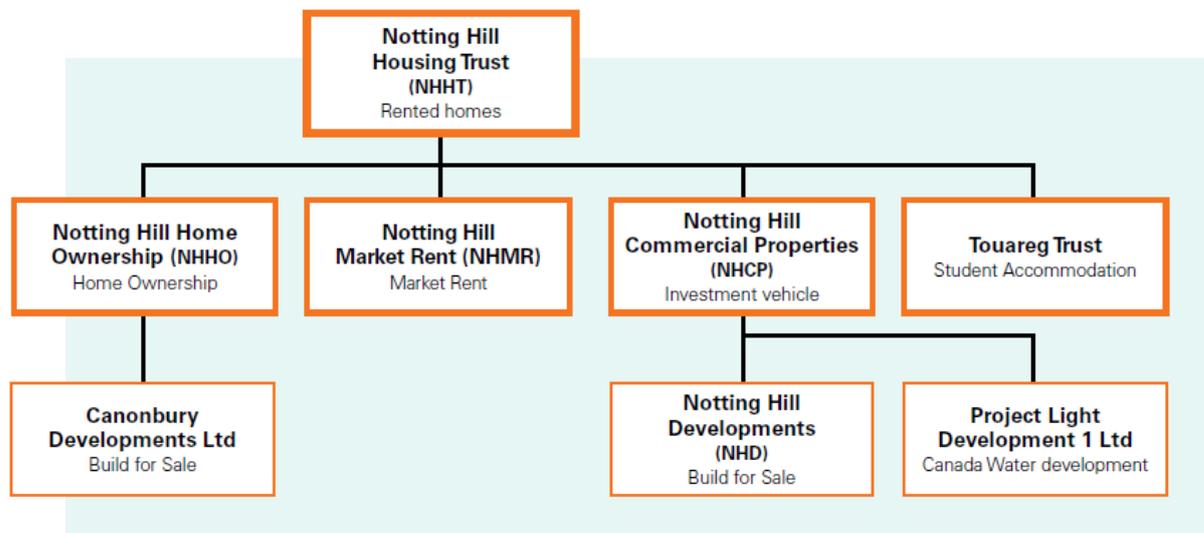
**Notting Hill Home Ownership Ltd (NHHO)**

Notting Hill Home Ownership Limited (formerly known as Addison Housing Association) is a non-charitable Association, registered as a Registered Society on 20 November 1980. Its registration number is 23066. Notting Hill Home Ownership Limited is a wholly owned subsidiary of the main parent company in the Group, Notting Hill Housing Trust (NHHT). Please see structure chart below.

It is proposed that the Notting Hill party which would enter into the Development Agreement with the Council, would be Notting Hill Housing Trust (because that legal entity is the relevant London Development Panel member within Notting Hill's group, this project having been procured under the London Development Panel)

**Homes and Communities Agency registration** - Notting Hill Home Ownership Limited (NHHO) is regulated by the Homes and Communities Agency, registration number SL 3119.

Notting Hill Home Ownership manages the shared ownership and private sales programme as well as providing property management services to all of Notting Hill's leaseholders.



NHHO manages 4,890 homes in London. These are mostly shared ownership homes. In addition to managing homes, NHHO is the corporate entity that sells intermediate homes for the Group, generating significant surpluses. These surpluses are usually Gift Aided back to NHHT. As a separate legal entity in its own right, NHHO has its own set of accounts (available on request) and its own credit rating; currently AA rating via Standard and Poors. NHHO has current undrawn facilities of £152.5m for development activities via a number of lenders, including Santander, Barclays and the Bank of Scotland. NHHO has 3,488 homes in its current development programme.

NHHO 2015 financial accounts, which have yet to be audited, will show surpluses on sales, including private sales and first tranche shared ownership sales, of £56.7m, with surpluses on staircasing sales of £25.7m. Overall, the anticipated surplus for NHHT for 2015 will be £121m, subject to audit.