

For General Release

REPORT TO:	Cabinet 13 July 2015
AGENDA ITEM:	7
SUBJECT:	Taberner House Redevelopment
LEAD OFFICER:	Jo Negrini Executive Director of Place
CABINET MEMBER:	Cllr Alison Butler Deputy Leader (Statutory) and Cabinet Member for Homes, Regeneration and Planning Cllr Simon Hall Cabinet Member for Finance & Treasury
WARDS:	Fairfield
CORPORATE PRIORITY/POLICY CONTEXT: <u>The Croydon Promise: Growth for All</u> The site is highlighted as a key central Croydon project. <u>Croydon Challenge</u> Contribute positively to the Council's financial position and therefore the goals of the Croydon Challenge. <u>Community Strategy</u> Redevelopment of Taberner House enables the Council to deliver new homes and increase the supply of affordable homes, a key aspiration of the Community Strategy 2013-18. <u>Corporate Plan 2013-15</u> The redevelopment of Taberner House is a specific target within the Corporate Plan. <u>Mid-Croydon Masterplan</u> The proposals seek to improve and enhance The Queen's Gardens in line with the Mid-Croydon Masterplan, and additionally deliver a net increase in the quantum of public open space at The Queen's Gardens.	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS: The proposals presented in this report: <ul style="list-style-type: none">• Improve the development opportunity afforded by Taberner House.• Bring closer to delivery one of the key development sites in the town centre.• Maximise the use of the Council's assets to deliver new homes, including affordable housing, private for sale and private rented stock.• Secure a greater amount of open space within Queen's Gardens for the benefit of all Croydon residents.	

FINANCIAL IMPACT

This is contained within the Part B report.

FORWARD PLAN KEY DECISION REFERENCE NO.: 19/15/CAB. This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below.

1 RECOMMENDATIONS

1.1 That the Executive Director Place, in consultation with the Deputy Leader (Statutory) and Cabinet Member for Homes, Regeneration and Planning, the Cabinet Member for Finance and Treasury, Council Solicitor and Monitoring Officer, be given executive delegated authority to undertake the relevant steps and conclude any agreements necessary to deliver the redevelopment of the Taberner House site, including but not limited to:

1.1.1 Preparation and settlement of all legal documentation to achieve the delivery of the Taberner House scheme including documentation to be proposed to the Council's newly established Development Company for its approval, and any other documentation relating to the funding and financing of the project including commercial resolution with CCURV in relation to this site.

1.1.2 To dispose of the freehold interest of the development land required for the Taberner House scheme (see Appendix 1 – wider site plan) from the Council to the Council's Development Company, taking into account section 233 of the Town and Country Planning Act 1990.

2. EXECUTIVE SUMMARY

- 2.1 The Croydon Challenge programme is the Council's strategic response to the need to save £100m by 2018. It demands that the Council keep under constant review how it operates and delivers its objectives more effectively. Two themes of the Croydon Challenge - Places Transformation and Places Investment - directly relate to the development of the Taberner House site.
- 2.2 During 2013/14 Croydon Council's Urban Regeneration Vehicle (CCURV) and the Council agreed a Business Plan for the delivery of the Taberner House scheme, and this 'Consented Scheme' secured planning permission in May 2014.
- 2.3 The council has since established its own Development Company and Revolving

Investment Fund (RIF), and officers have reviewed the proposed delivery methodology of the Taberner House scheme to determine whether it might be possible to bring it forward in a way that would more advantageous to the borough in a number of respects.

- 2.4 This review has defined a new delivery structure which generates a net value return to the Council at least double that of the Consented Scheme. In addition, the Proposed Scheme includes a greater proportion of affordable housing within the scheme and an increase in the amount of open space provided at Queen's Gardens in comparison to the Consented Scheme.
 - 2.5 Heads of Terms have been agreed with a new delivery partner and, subject to approval of the recommendations in this report, officers will proceed to negotiate detailed contracts and associated documentation.
 - 2.6 A consequence of the new approach is that this site will no longer be delivered via CCURV. The Council has notified CCURV that it wishes to withdraw the Taberner House site from CCURV, and terms have been agreed between the Council and John Laing (the Council's partner in CCURV) to enable the Council to withdraw the site from CCURV. The CCURV Board has agreed to the proposal, subject to the recommendations of this report being agreed by Cabinet.
 - 2.7 A revised planning application, incorporating the greater level of affordable housing and larger quantity of open space, will be submitted this year with a view to works starting on site this winter.
- 2.8-2.11 These paragraphs are contained in the Part B report.

3. BACKGROUND – The Consented Scheme

- 3.1 In November 2013 the CCURV Board agreed adopted a new Business Plan for the delivery of the Taberner scheme. The Council's approval of the Business Plan subsequently followed under delegated authority dated 17 January 2014 to the Council CCURV Board Representatives.
- 3.2 The adopted November 2013 Business Plan set out proposals for a 420 unit residential scheme with 15% affordable housing and 7,480 sqft of ground floor commercial space to be delivered in two phases:
 - Phase 1 containing circa 230 private rented sector (PRS) homes in a 32 storey tower; and
 - Phase 2 comprising 190 mixed tenure homes in four medium rise blocks.
- 3.3 A scheme derived from the November 2013 Business Plan secured planning permission in May 2014 and is referred to in this report as the 'Consented Scheme'.¹
- 3.4 In December 2014 Cabinet agreed to an amendment to the previously agreed commercial arrangements whereby CCURV would continue to deliver the scheme, but with the Council instead taking ownership of the 190 new non-PRS homes. This enabled

¹ For the avoidance of doubt, the 'Consented Scheme' and associated detail describes the scheme contained in the November 2013 Business Plan.

the Council to ensure an increased level of affordable provision within the scheme, and a mix of tenure and unit sizes more appropriate to the housing need in Croydon.

3.5 The December 2014 Cabinet report also provided the necessary approvals with regard to appropriation of land, specifically authority to:

- Appropriate the Taberner House site for planning purposes pursuant the Authority's powers under section 122 of the Local Government Act 1972.
- Proceed to publically advertise the proposed appropriation of the areas of Queen's Gardens that are intended to be redeveloped (subject to satisfactory planning approval) and, subject to the outcome of public advertisement and consideration of objections, to appropriate the areas of Queen's Gardens for planning purposes pursuant to the Authority's powers under section 122 of the Local Government Act 1972.

4. PROPOSED SCHEME

4.1 There have been a number of changes to the wider regeneration and development context since the Consented Scheme was approved and since the previous report to Cabinet on Taberner House in December 2014. These include:

- The council adopting a more commercial approach to development as part of Croydon Challenge.
- The establishment by the Council of a Development Company
- The creation of a Revolving Investment Fund by the Council to help deliver its regeneration objectives
- Rising residential values in central Croydon
- Increased confidence amongst developers and investors in Croydon as a place to do business, boosted by the evidence of delivery of regeneration and economic growth across the town centre

4.2 The Council is committed to increasing the pace of housing development to secure a strong supply of decent accommodation for residents. To this end a Development Company has been established by the Council following approval by Cabinet in March 2015.

4.3 The main objectives of the Development Company are to bring forward development within the borough either in its own right or in collaboration with partners. Although the delivery of housing will be the main purpose of the company it can incorporate other forms of development such as commercial/office development where appropriate.

4.5 In light of the establishment of the Development Company and the other changes listed above, the Council has taken the opportunity to review the current delivery methodology for the Taberner House redevelopment and has concluded that there is scope to secure a scheme that delivers better outcomes for Croydon.

4.6 These improved outcomes include:

- An increase in the level of affordable housing from 15% to 30%

- A reduction in the overall number of buildings being built from five to four, thereby minimising encroachment onto The Queen’s Gardens
- An increase in the amount of open space provided at Queen’s Gardens
- A net value return to the Council at least double that of the Consented Scheme.
- Significantly reduced risk profile for the council

Revised commercial approach

- 4.7 On the commercial side the previously agreed transaction under the Consented Scheme has been reviewed in light of changing market conditions and widespread interest from the private sector in Croydon as a place to develop and invest.
- 4.8 Mindful of the need to secure best consideration for the Council, officers have reviewed the commercial approach on Taberner and designed a structure, in partnership with a new delivery partner, which significantly improves the Council’s financial return from the scheme, while also generating a long-term income stream from the affordable housing. Heads of Terms have been agreed for this approach and subject to approval of the recommendations in this report officers will negotiate contracts and associated documentation.
- 4.9 In the proposed commercial approach the Council would utilise the Development Company, which would borrow from the Revolving Investment Fund (on commercial terms) and use some of those funds to purchase the required site area (see Appendix 1 – wider site plan) from the Council. Subject to board approval the Development Company would then transact with the new delivery partner to deliver the scheme.
- 4.10 The delivery partner would take on full delivery risk for the scheme, with the financial contribution of the Development Company into the scheme capped at an agreed level. The delivery partner would deliver an agreed number of completed private and affordable units to the Development Company in return for this contribution.
- 4.11 The Development Company would benefit from a financial return under this arrangement and the Council would in turn realise this return via dividend payments from the company. The Council would also benefit from the interest on the commercial loan to the Development Company.
- 4.12 – 4.18 These paragraphs are contained in the Part B report.

Enhancing The Queen’s Gardens

- 4.19 The Proposed Scheme expands Queen’s Gardens to provide a greater amount of public space than the 8,614sqm currently provided. The Consented Scheme sought to increase this by 292sqm to 8,906sqm and the Proposed Scheme increases this further, whilst also creating a better connection between the existing gardens and the new open space provided as part of the Taberner scheme.
- 4.20 The historic sunken areas of Queen’s Gardens that form the Town Hall Gardens will be retained and enhanced. The improved gardens will provide a café, formal and informal play spaces alongside a ‘performance space’ built into the landscaping.

- 4.21 In respect of the future management, maintenance and security of Queen's Gardens, the existing gardens will remain the responsibility of the Council. The areas of new public open space created by the development outside of the boundary of Queen's Gardens will be the responsibility of the management company for the new development, working in close collaboration with the Council's Green Space team.

Increasing the Number of Affordable Homes

- 4.22 The total number of residential units at this stage of the design process is presently 418, two fewer than the Consented Scheme. This total may vary slightly as further design work is undertaken prior to submission of the planning application.
- 4.23 The 32 storey tower is retained as per the Consented Scheme but the remaining 190 units are consolidated within three buildings, thereby reducing the number of buildings by one. This enables the opening up of the site and a net increase in the size of Queen's Gardens.
- 4.24 The Proposed Scheme will increase the level of affordable housing to 30% from the 15% in the Consented Scheme. These units will be spread across three of the four blocks. Design will be 'tenure blind' such that the tenure will not be identifiable from the external appearance of the building, and all units and internal areas will be delivered to a high quality.
- 4.25 The scheme will provide a range of tenures including affordable rent, private for sale and private rented units. The Council will retain nomination rights for the affordable homes.

Programme

- 4.26 Securing this improved Proposed Scheme has necessarily precluded the submission of a revised planning application and start on site by the dates previously anticipated. The programme for design and delivery is consequently being reviewed in conjunction with the Council's new delivery partner and at this stage the timetable is as follows:

August 2015:	Conclusion of contractual negotiations between the Council and delivery partner
December 2015	Long stop date for submission of revised planning application
Q1 2016	Construction start on site
2019/20	Practical completion (assumes three year build period)

- 4.27 With the Council having undertaken the demolition of Taberner House, the construction contractor can commence work as soon as the necessary planning, legal and commercial milestones are achieved.

Role of CCURV

- 4.28 Under the proposed arrangements, the site will no longer be delivered via CCURV, the Council's previous developer partner for the scheme. The Council has notified CCURV that it wishes to withdraw the Taberner House site, and commercial terms have been

agreed between the Council, CCURV and John Laing (the Council's partner in CCURV) to enable the Council to withdraw the site from CCURV. The CCURV Board has agreed to the proposal subject to the recommendations of this report being agreed by Cabinet.

4.29-32 These paragraphs are contained in the Part B report.

5. CONSULTATION

5.1 The Consented Scheme has previously been the subject of informal and formal public consultation as part of the planning process. The revised scheme featuring a greater proportion of affordable housing and an increase to the size of Queens Gardens will similarly be consulted on as part of the process of submitting a new planning application.

5.2 In addition to consultation via the planning process, there will be public advertisements and consideration of objections as part of the appropriation process of those elements of Queens Gardens that will form part of the development.

6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 REVENUE AND CAPITAL CONSEQUENCES OF REPORT RECOMMENDATIONS

This section is contained within the Part B report.

6.2 RISKS

This section is contained within the Part B report.

6.3 FUTURE SAVINGS / EFFICIENCIES

This section is contained within the Part B report.

(Approved by: Richard Simpson, Director of Finance and Assets and S151 Officer)

7. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

This section is contained in the Part B report.

(Approved by Sean Murphy, Principal Corporate Solicitor (Regeneration), on behalf of the Council Solicitor and Monitoring Officer)

8. HUMAN RESOURCES IMPACT

8.1 There are no human resources impacts arising from this paper.

Approved by Adrian Prescod, HR Business Partner, for and on behalf of Interim Director of Human Resources, Chief Executive department.

9. EQUALITIES IMPACT

9.1 An equality analysis helps the Council to ensure that it meets the statutory obligation in the exercise of its functions to address the Public Sector Equality Duty (PSED). This requires public bodies to ensure due regard to the need to advance equality of

opportunity; foster good relations between people who share a “protected characteristic” and those who do not and take action to eliminate the potential of discrimination in the provision of services.

- 9.2 An initial equality analysis was undertaken to assess any adverse impact on people who share a protected characteristic and those who do not. The equality analysis concluded that a full equality analysis will not be required because the change will not have a different/significant impact on protected groups (compared to non-protected groups).

10. ENVIRONMENTAL IMPACT

- 10.1 The redevelopment will be designed to be a highly sustainable scheme in line with planning policy, achieving the equivalent of Code for Sustainable Homes level four and BREEAM Excellent standard in any non-residential components. The scheme will also benefit from utilizing the local supply chain, sourcing products and services from local suppliers and contractors where possible.
- 10.2 A design statement will be provided as part of the revised planning application. This will justify the approach and design of the buildings and explain how the development would contribute to the surrounding area in design terms.

11. CRIME AND DISORDER REDUCTION IMPACT

- 11.1 Officers within the Community Safety team and the Metropolitan Police crime prevention design advisor will be consulted via the planning process to ensure that the scheme positive contributes towards public safety and crime reduction.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 12.1 The recommendations of this report will enable officers to move forward with the new approach to the delivery of Taberner House and prepare and settle the legal documentation required to achieve the delivery of the Taberner House scheme, including documentation to be proposed to the Council’s newly established Development Company for its approval, and any other documentation relating to the funding and financing of the project.

13. OPTIONS CONSIDERED AND REJECTED

- 13.1 Previously options to design and develop a scheme solely on the footprint of the Taberner House site were explored by officers. These included a conversion of the Taberner House building itself. None of these options proved financially viable, nor did they deliver a scheme of the quality that is demanded in this key town centre location.

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BACKGROUND DOCUMENTS – Initial Equality Analysis

Appendix 1 – wider site plan

