

LONDON BOROUGH OF RICHMOND UPON THAMES

CABINET

Agenda Item No.

DATE: 12 MARCH 2007

**REPORT OF: LEADER AND CABINET MEMBER FOR
STRATEGY AND PARTNERSHIPS**

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**LEAD OFFICER: ASSISTANT DIRECTOR OF
ENVIRONMENT**

SUBJECT: TWICKENHAM RIVERSIDE – NEXT STEPS

WARDS: TWICKENHAM RIVERSIDE

KEY DECISION?: YES

IF YES, IN FORWARD PLAN?: YES

For general release

1. PURPOSE OF THE REPORT

- 1.1 To agree the next steps for the delivery of a Twickenham Riverside scheme that incorporates a River Centre operated by the Environment Trust.

EXECUTIVE SUMMARY

- 1.2 The report seeks to mitigate concerns raised within the September and October 2006 Cabinet reports around the potential for a negative impact on programme and developer attitude by:
- Altering the funding arrangements for the Environment Trust building away from the Twickenham Challenge mechanism
 - Providing clarity on the Council as landowner's requirements and priorities for the site
 - Proposing the production of a Development Brief through consultants who are expert in this field

2. RECOMMENDATIONS

That Cabinet agree:-

- 2.1 That the basis of funding for the construction costs of the Environment Trust element of a future scheme be as described in paragraph 3.7-10 of the report**
- 2.2 That the Council's priorities as landowner for the content of a future scheme are as described in paragraph 3.11-20 of the report**
- 2.3 That these issues be dealt with in a detailed Development Brief that is used as the basis by which developers come forward with proposals for the site and that the sum of £137,500 agreed by the October 2006 Cabinet be used for this purpose**

- 2.4 That the process for the production of the Development Brief be as described in paragraph 3.21-25 of the report**
- 2.5 That approval be given to the waiving of Contract Standing Order 3.3a)iii) and paragraph 8 (b) of the Code of Practice for the Engagement of Consultants and consultants be appointed to assist officers in the production of the Development Brief through an appointment process as described at para 3.29-3.30 and with the decision on appointment being delegated to the Leader and Assistant Director of Environment in liaison with the panel described at paragraph 3.31**
- 2.6 That the Development brief that results is reported back to Cabinet for final approval before it is used as the basis for a marketing exercise**
- 2.7 That internal Project Management support be sought in line with paragraphs 3.33-34 of the report and required funding of £45,000 per annum be agreed to initially come from the Project Development Fund.**

3. DETAIL

Background

- 3.1 The September and October 2006 Cabinet meetings considered the Twickenham Challenge based proposals for the use of part of the Twickenham Riverside site. At the October 2006 meeting, Cabinet agreed to pursue a River Centre scheme with the Environment Trust.
- 3.2 The September 2006 Cabinet report had raised serious concerns about the way forward for the site should any of the Twickenham Challenge schemes be accepted. In particular it raised that there would be likely to be a significant impact on programme and a negative bearing on potential developers' attitudes to the site.
- 3.3 Neither issue should be left unchecked. In terms of impact on programme it is a fact that the majority of the site has been left redundant for in excess of twenty years. Whilst the complexities of the Riverside site issues are accepted, they are not necessarily of a type that is unique. This is an excessive period of inactivity for any major site. The decision made in October has the opportunity of providing the momentum necessary to overcome past issues and to deliver a high quality scheme reasonably expeditiously. It is important that any immediate obstacles to a reasonable programme are overcome.
- 3.4 Any negative bearing on developer attitude towards the site is similarly significant. Whatever is the detail that comes forward for uses to be placed at the site, it is a site that is appropriate in planning terms for a mixed-use scheme, i.e. one with community and commercial elements to it, and one therefore that will necessarily be delivered by the Council in conjunction with a private sector developer. So it is essential that steps are taken to reduce any negativity from the sector lest there be no interest in developing a scheme, or interest comes with a significant extra cost.

Stock-take

- 3.5 The Assistant Director of Environment has considered these concerns and has assessed measures by which they could be mitigated as well as the related point as to whether any scheme can be financially viable. He has done so through what was in effect a stock-take of all that has been done to date, including consideration of the key planning and landowning decisions/reports, through discussions with the principal officers and consultants involved to this point and through discussions with development experts that have had no prior involvement in the scheme.
- 3.6 His basic conclusion is that the concerns that have been raised can be mitigated, and a high quality scheme that is financially viable is possible, if Cabinet take firm decisions now in support of the range of matters that are raised in this report. They are matters that relate to the need to bring greater clarity and certainty to the development process (and therefore to those potentially interested in becoming developer partners) including in terms of:-
- The manner in which the Environment Trust element of the scheme will be funded
 - The Council's broad requirements and priorities for the uses at the site in its capacity as landowner
 - The process by which a detailed brief for the site will be prepared
 - The manner in which consultation will be conducted.

Each is dealt with in greater depth below.

The funding route for the Environment Trust element of the scheme

- 3.7 The grant based funding route proposed by the Twickenham Challenge process for the basic building element of that part of the scheme would have added a considerable level of uncertainty to the process. Even if clear landowning priorities for the site are agreed as per later in the report, this funding uncertainty would, it is believed, make the whole scheme so "at risk" from a developer's point of view as to severely inhibit the opportunity of getting strong developer interest.
- 3.8 This leads to a vicious circle in that external funding is unlikely to be fully approved without the certainty of a scheme being in place, certainty that can only be provided when a developer is on board. Officers' experience is that applications for external funding for similar schemes have had much more chance of being successful when they are for the fitting-out elements and/or operational costs of buildings whose basic costs have been secured.
- 3.9 For these reasons it is strongly recommended to Cabinet that they break out of the circle by committing to the basic building cost of the Environment Trust proposal (to an agreed ceiling level of specification) being funded from the development scheme itself. This would leave the Environment Trust to concentrate on making applications for fitting out costs and revenue costs. Such applications are then in turn more likely to be successful with the "guarantee" of a funded base building.

- 3.10 There is a hypothetical increase on the costs being borne by the scheme itself in taking this wider approach but these are believed to be outweighed in a combination of practical and fiscal terms by the advantages that certainty on the issue brings. Practical in the sense that schemes are much more likely to gain strong market interest, which links to fiscal in that developer profit margins are likely to be lower because of competition and because they are likely to be allowing less of a cost margin for perceived risk of the scheme not proceeding.

The Council as landowner's priorities for the content uses at the site

- 3.11 Town and Country Planning issues will have a significant bearing on the eventual content of the scheme, but as a starting point the Council should make clear from its landowning perspective just what its priorities for the use of the site are. Without clarity on this in terms of Cabinet's view of acceptable uses and the order within which they are sought, there is in the vacuum an extremely long list of community/public sector led demands for the site that cannot all be met.
- 3.12 Any uncertainty on this is a significant issue. Schemes of this type can only be sensibly delivered with bursts of intense activity since developers will simply not commit to drawn out processes and the costs and risks that go with that. Developers will expect there to be firm decision making from Cabinet Members at a strategic level as to their broad landowning requirements of the site – which is in effect what is requested via this report. It is suggested that the Council as landowner's commitments to the site in broad strategic terms and in approximate order of priority are recommended to be as follows:-
- 3.13 Environment Trust River Centre
- To there being a River Centre operated by the Environment Trust that matches the key requirements of the proposals submitted by the Trust at the time of the Twickenham Challenge process.
 - Funded in the (revised) manner as described above.
 - To there being detailed financial consideration of the business case for each of the uses within Environment Trust proposal, aimed at ensuring the River Centre has best chance of being revenue sustainable.
 - To ensuring that River Centre building's basic construction allows flexibility for a variety of uses.
 - To the position of the River Centre being likely to be at the Southern or Eastern flank of the scheme, but to allowing exploration of options within that range.
 - To exploring potential use of parts of the building for some Council and voluntary sector meeting and training purposes.
 - To the toilets within the building being publicly accessible during the opening hours for the River Centre.

3.14 Highly Sustainable Scheme

- To the whole scheme meeting the standards of sustainability required by the Council as planning authority's Sustainable Construction Checklist.
- To fully exploring sustainability options that go beyond those high standards and that make the scheme an exemplar sustainable project.
- Such options to include full exploration of car free (car club) potential for the scheme and the wider area.
- And such options to include the exploration of energy management options that cover a wider area than the site itself and possibly to include the Council's own staff campus, including the potential for micro-grids/combined heat and power systems.
- To recognising and reflecting the significant flood and bio-diversity issues for the wider area

3.15 High quality design, of a scale and density that are appropriate for the sensitive location

- To the need for high quality of design of a scale and density that are appropriate for this sensitive riverside location. What "appropriate" means is key of course, and addressing this will be a significant feature of the brief to be developed for the site per below.
- Appropriate does not necessarily mean what some would regard as small in scale since there are reasonably high and dense developments that pre-exist along this stretch of the river. Nor at the other end of the scale could it ever be regarded as a site that is capable of being developed for sites so high and dense as some of the more recent Kingston riverside schemes.
- To acceptance as a preference, that scheme designs move away from the monolithic form of previous design ideas.
- To the scheme providing high standards of accessibility.
- To the scheme adopting high security standards, including the adoption of "designing out crime" practices
- As an important aside, a reasonable scale of scheme opens up greater potential for viability of some of the exemplar sustainable design options such as combined heat and power systems for the scheme itself and the wider area

3.16 Play Facilities and Open Space Improvements

- To re-providing the (temporary) existing play facilities permanently within, or close to, the development site. The "close to" would allow exploration of sites to the East of the main site boundary.
- To public open space forming an important element of the scheme.

3.17 Adjusted Affordable Housing Content

- To targeting 50% affordable housing content for the likely residential elements of a mixed-use scheme, but allowing full exploration of the planning legitimacy of getting to this target through providing 100% affordable housing content at other Twickenham sites owned by the Council. This could include sites at Water Lane/Bell Lane and Sherland Road.

3.18 Surplus Receipts for Youth Facility Provision elsewhere

- That should the scheme produce excess receipts over and above the commitments listed above, then a part of these should be used for investment in youth related activity in the area.

Traffic and Transport Issues

Highway Access

- 3.19 In terms of highway access to and around the site, the strategic Cabinet position is to support exploration of options that move traffic permanently away from the river frontage, but to accept that this might not ultimately be practically possible. Cabinet should support exploration of options that might stop through traffic to parts of the area at some points of the day (evenings, say) and to introduce physical measures that slow traffic down considerably in any event.

Existing car parking at and around the site

- 3.20 In line with our commitment to sustainability based options being fully examined, it is recommended that Cabinet commit to exploration of the scope for re-arrangement of the business and resident car spaces that are currently within the Council owned land and the wider T1 area through, for example, car club arrangements that are either an extension of or are separate to any car club arrangements for the scheme itself.

Landowner led Development Brief

- 3.21 The thrust of this report is based on an assumption that Members do wish to proceed with development expeditiously and for there to be scheme suggestions made that are in line with the current UDP planning brief (T1) for the site. It can readily be argued that now is a good moment to proceed on this basis and for there to be the intense burst of development activity required as referred to at 3.12 above, not least because the Council would very likely be able to work within the life of the T1 brief (which is an excellent brief in development terms) and because there is momentum generated by the Environment Trust proposals.
- 3.22 The next stage of the process envisaged by the September and October Cabinet reports was the production of a Planning Brief for the site. This would have been a formal planning authority led exercise and would add detail to the broad description that is within the T1 section of the UDP and produce scheme options that would be worked up using planning and other consultant support.
- 3.23 However, the view of the Assistant Director of Environment is that best chance of delivering a high quality and viable scheme without significant impact on programme would be to choose this moment to shift the lead on preparation of the detailed brief from the Council as local planning authority to the Council as landowner. His view is that if the Council does not do so there is a very real danger there will be a growing gap between planning brief expectations and financial viability. This would continue to raise expectations

of the site (in a formal planning manner) that might not be able to be physically delivered and that would then need considerable time to redress.

- 3.24 The greatest advantage to be derived from the production of a Development Brief over a planning brief would come through the use of private sector development experts in its preparation. The choice of developer expert is key since the advantage comes only if it is a company or consortia with direct involvement in commercial developments in an agent/consultant role, with prior involvement in successful mixed public/private sector schemes, with excellent consultation skills, is highly environmentally aware, has Architect, Planning and Cost Consultant support in-house or close to hand and that is capable of introducing innovation to the brief process as well as tight control on viability and good liaison with the Council as local planning authority.
- 3.25 There are planning risk issues in this respect that are dealt with in the confidential report on this same matter that is later on the agenda.

Consultation Process

- 3.26 There has been a considerable level of historic involvement of local amenity groups and local residents in whatever consultation processes there have been for both the preparation of site briefs and suggested schemes that came forward in the past from developers.
- 3.27 The need for this to continue onwards into the future should be supported in terms of both the production of the Development Brief referred to above and the later consideration of scheme proposals that come forward against the Brief. The Council will lead the process as landowner and is committed to achieving the high standard of planning, management and implementation of engagement and consultation that is envisaged in the Cabinet report on a general "Consultation and Participation Strategy" that is elsewhere on the agenda for this Cabinet meeting.
- 3.28 The consultation and engagement will provide an appropriate level of balance between very local and issue specific consultation with local residents/amenity groups and wider consultation undertaken with Twickenham residents generally.

Appointment of Development Consultants to prepare the Development Brief

- 3.29 The contents of this Cabinet report are being used as the basis for the appointment of consultants to assist in this next stage. The Assistant Director of Environment, in liaison with the Head of Legal Services in terms of procurement process, is producing a short-list of 2-3 firms who he believes capable of submitting competent proposals for the development brief's preparation. Subject to the recommendations of this Cabinet report being agreed, a budget of up to £137,500 will be available for this next stage.
- 3.30 The qualities previously described will need to be demonstrated, i.e. they will need to be a company, or consortia of companies, with direct involvement in commercial developments in an agent/consultant role, with prior involvement in successful mixed public/private sector schemes, with excellent consultation skills, that has Architect, Planning and Cost Consultant support in-house or close to hand and that is capable of introducing innovation to the brief

process as well as tight control on viability and good liaison with the Council as local planning authority.

- 3.31 It is proposed that appointment be delegated to the Leader of the Council and the Assistant Director of Environment, following a panel interview process that includes the Leader with key Cabinet and Ward Members, key officers and a representative of the Environment Trust. Because a short-list of only 2-3 firms is being produced, the appointment will require Cabinet approval to the waving of standing orders and the code of practice for consultants.

Possible Programme from hereon

- 3.32 It is anticipated that the appointment referred to above will take place in the latter part of March. It is likely that the brief will take in the region of 4-5 months to complete and that it will then be reported to Cabinet for approval around September 2007. This would open up the possibility of the development brief being marketed through the Autumn of 2007, with bids being received in early 2008.

Project Management Support

- 3.33 Internal project management of the scheme is currently being handled by the Assistant Director of Environment. This is not a position that can be sustained in the long term and he envisages a need for dedicated internal project management of the scheme to be in place in around 6 months time or earlier if practically possible.
- 3.34 The significance and sensitivity of the scheme is such that the support will need to be at a reasonably senior level, i.e. in the order of PO4/PO5 level. It is proposed that recruitment to the position will commence shortly and the revenue costs estimated at £45,000 per annum will initially be drawn from the Project Development Fund, with a longer term aim of recovering these costs from the final development if possible. In terms of funding, the need for project management support and funding for this from the Project development Fund has been covered in previous reports.

4. CONSULTATION

- 4.1 The consultation process that is proposed is described at paragraphs 3.26-28 above.

5 FINANCIAL IMPLICATIONS

- 5.1 The report proposes a change in direction for the expenditure of a previously approved budget of £137,500 for brief development and confirms proposed funding for a Project Manager for a period of 2 years.
- 5.2 There is a hypothetical increase on the costs being borne by the scheme itself by the change in funding route that is proposed for the River Centre. The potential financial disadvantage is believed outweighed in a combination of practical and fiscal terms by the advantages that certainty on the issue brings. Practical in the sense that schemes are much more likely to gain strong market interest, which links to fiscal in that developer profit margins are likely

to be lower because of competition and because they are likely to be allowing less of a cost margin for perceived risk of the scheme not proceeding.

- 5.3 This report explains that there will be further report to Cabinet in around six months time seeking approval for the Development Brief. This will also give Members guidance on the proposed marketing process and any additional associated costs for that and the selection and appointment processes that will follow (over and above the project management costs that are specified here). It will also advise Members of the “best consideration” issues in respect of the proposed marketing approach and will also refer to any related issues in terms of the Council’s social, economic and wellbeing powers.
- 5.4 The costs of internal Project Management support have been reflected in previous estimates of the ongoing support required for the scheme in that the Development Manager costs have previously been factored into budgetary requirements.

6. POLICY IMPLICATIONS/CONSIDERATIONS

- 6.1 The increased emphasis on sustainability for the scheme that is proposed by this report is in line with the Administration’s focus on the issue as summarised in the framework for a Climate Change Strategy that was approved by Cabinet in February 2007 and as highlighted in the “Environment and Sustainability” section of the draft new Corporate Plan.

7. RISK ASSESSMENT

The range of actions proposed within this report are specifically aimed at mitigating significant risks raised by previous Cabinet reports. As the body of the report says “the September 2006 Cabinet report had raised serious concerns about the way forward for the site should any of the Twickenham Challenge schemes be accepted. In particular it raised that there would be likely to be a significant impact on programme and a negative bearing on potential developers’ attitudes to the site”

Even with the actions proposed in place, the significance, sensitivity and history of the site is such that it cannot be absolutely guaranteed that acceptable scheme options will come forward after the production of a development brief.

There are planning risk issues in this respect that are dealt with in the confidential report on this same matter that is later on the agenda.

8. EQUALITY IMPACT/CONSIDERATIONS

There are no direct equalities or human rights issues arising from this report. However the body of the report at 3.15 stresses that a priority for the scheme as a whole will be its accessibility. The detail of the Development Brief will be expected to cover this issue in depth.

9. LEGAL IMPLICATIONS

None arising directly from the report.

10. BACKGROUND DOCUMENTS:

A range of previous Cabinet reports. Most recently those of 26 September and 9 October 2006.

11. CONTACTS

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