

LONDON BOROUGH OF RICHMOND UPON THAMES

REPORT TO: Finance, Policy and Resources Committee

DATE: 28 June 2021

REPORT OF: Director of Environment and Community Services

TITLE OF DECISION Twickenham Riverside Development

WARDS: Twickenham Riverside; South Twickenham; St Margarets and North Twickenham; West Twickenham

KEY DECISION? YES

IF YES, IN FORWARD PLAN? YES

For general release

1. MATTER FOR CONSIDERATION

- 1.1 This report provides an update on the Twickenham Riverside Development including information on the procurement of a housing provider with delegated authorities required.

2. RECOMMENDATIONS

The Committee is asked to:

- 2.1 Note the update given in this report and the accompanying exempt report.
- 2.2 Delegate authority to the Director of Environment and Community Services in consultation with the Assistant Director Housing Strategy and Development, Director of Resources and the Head of Valuation and Asset Management Service to enter into a contract, including the grant of a long lease of the Water Lane Block, with the preferred housing provider to deliver affordable housing and to determine the tenure mix based on the offers received in consultation with the Twickenham Riverside Sponsor Board.
- 2.3 Note and support contribution of Council held affordable housing commuted sums to enable the delivery of the affordable housing scheme as set out in the exempt report and in line with the recommendations made in the Affordable Housing Update Report to the Adult Social Services, Health and Housing Committee of the 8th June 2021 (see Item 9, paragraph 2.1 and paragraphs 3.52-3.55 of the report).

3. DETAIL

Introduction

- 3.1 Regenerating Twickenham Riverside (the Site) is a priority for the Council. Over the forty-year history of this Site since the closure of the public swimming pool

there have been a number of proposals, but none have fully matched the ambitions of the Council and the local community. Currently the Council is in a better position than it has ever been to deliver a scheme that could fulfil those ambitions and deliver improvements to this area that would benefit the wider Borough and it's residents.

- 3.2 The regeneration of the Site will bring a wide range of benefits to local residents and helps the Council deliver a number of its priorities and policy aims. This has been reported in detail in previous Committee reports, notably the February 2020 report, but as a brief summary the scheme will help to: achieve some of the aims set out in the Local Plan and Twickenham Area Actions plan; deliver new homes, including affordable homes to meet the aims and objectives set out in the Council's new Housing and Homelessness Strategy approved this year; support improvements in health and wellbeing; promote more active modes of transport; create a better environment for residents; and revitalise Twickenham.

Design update

- 3.3 Hopkins Architects were announced winners of the RIBA design competition held in 2019 and since then they have been developing their concept design working closely with various stakeholders to ensure it is a design that works for all.
- 3.4 The development of the concept design has been challenging for the Design Team given the constraints of the site. The most notable constraint has been the requirements of the flood defence and flood storage which, through extensive engagement with the Environment Agency, has brought changes to the scheme. These changes include the reduction of building footprint by around one third, to ensure flood storage requirements are being met like for like from the current site (at 100mm vertical levels), and moving buildings so that they are a sufficient distance behind the flood defence wall. The levels on the site have also been problematic and, despite extensive design deliberations when combined with the flooding issues, have meant that the connection of the service road to Water Lane has not been possible. Other challenges have included providing sufficient servicing for Eel Pie Island, with the Council and Design Team engaging with the Eel Pie Island Association on this to develop a solution, and reducing vehicle movements across the site, work on which is still ongoing. A report on this matter was taken to the 15th June Transport and Air Quality Committee. Despite these challenges the Design Team have developed the site in line with the concept design to an extremely high standard and met a number of competing needs.
- 3.5 In January this year the Council held a four-week pre-planning consultation on the developed designs, gathering local opinions to help inform further design development ahead of a planning application to be submitted at the end of June. The Council received 829 responses to the feedback questionnaire and separately engaged with around 310 children and young people. The tone of the feedback was largely positive with 54% of respondents to the questionnaire stating they were more likely to visit Twickenham Riverside after the redevelopment and a further 30% saying they were just as likely. In addition, 72% agreed or strongly agreed that the new scheme met the objective of providing high quality open space for Twickenham. A full report can be found here:

https://www.richmond.gov.uk/council/regeneration_projects/twickenham_redevelopment/twickenham_redevelopment_background

- 3.6 The feedback from the consultation was fed back to the Design Team who have used it to help inform further development of the design. Areas of focus coming out of this included: the river activity zone; the event space; refining the open space and re-provided Diamond Jubilee Gardens, including increased green space where possible; finessing the vehicular, pedestrian and cyclist movements on the site; and the final materials and façade treatments of the buildings.
- 3.7 The Design team have attended a number of pre-application meetings with Planners and met with the independent Design Review Panel (DRP) in both April and June. Comments from the meetings highlighted areas for further attention including the landscaping, the internal layout and courtyard area of the Wharf Lane building and the King Street building. These have been considered and the scheme adjusted where possible to reflect discussions.
- 3.8 The programme is still on track to submit a planning application at the end of June.

Housing provider and tenure

- 3.9 The Council is aiming to achieve a 50% affordable housing scheme by habitable room, albeit this is challenging given the significant investment required to deliver the scheme concept and vision. Whilst it is planned that the Council will develop the scheme, not least to retain control of the quality of build and regeneration, the intention will be to dispose of the affordable housing to one of the Council's housing association partners. Such an arrangement is intended to secure a registered provider who is committed to deliver housing management services to the highest possible standards and to provide a receipt from sale to support the Council's ambitious regeneration plans.
- 3.10 The block identified for affordable housing is the proposed building in Water Lane. In this respect it should be noted that unit numbers were broadly evenly split between the two blocks and that the market and affordable blocks will be indistinguishable in terms of standard and quality of the finish and design.
- 3.11 A soft marketing exercise was initially undertaken with four affordable housing providers. This exercise consisted of workshops with each provider to gauge initial views and gather feedback on a number of key themes, including design, management, construction, deal structure, tenure mix, unit specification and programme. All providers were very supportive of the proposals with constructive questions being raised and responded to in terms of construction, tenure and size mix of units, although one housing provider considered there would need to be changes to the internal configuration to meet their client's needs. All comments from the workshops were considered and as required addressed in the marketing material for the scheme. A particular focus of the Council in respect to utilisation of this site has been to provide a good mix of both family and 1 bedroom accommodation and a mix of 11 x 1 bedroom, 9 x 2 bedroom and 1 x 3 bedroom apartments (Water Lane block) was established and subsequently marketed.

- 3.12 The formal marketing of the affordable began at the beginning of May. This included 11 housing providers being issued with key project and design information, including the accommodation schedule, and being asked to submit bids on a number of tenure scenarios. The bidders were also asked if they would have an interest in managing the private units proposed in Wharf Lane. Following the bids received from this exercise, bidders were asked to submit final offers based on tenure scenarios and these have now been received. The Council will now decide on its preferred tenure option and final offers received before selecting the preferred Registered Provider for the scheme.
- 3.13 Officers recommend that the decision on the final tenure should be delegated to Director of Housing and Regeneration in consultation with the Director of Environment and Community Services, Director of Resources, the Head of Valuation and Asset Management Service and the Twickenham Riverside Sponsor Board, comprising of members with a portfolio or ward interest. Such considerations will also include potential utilisation of the Council's affordable housing commuted sums (affordable grant) to support delivery of the affordable housing proposed. Utilisation of affordable grant will be based on the evidenced need for grant to support and secure the development and delivery of the affordable housing proposed. The principles and approach to considering utilisation of affordable grant are set out in the Affordable Housing Update Report to Adult Social Services, Health and Housing Committee of the 8th June 2021 (see Item 9, paragraph 2.1 and paragraphs 3.52-3.55 of the report). Authority is also being sought to delegate the authority to the Director of Environment and Community services in consultation with the above Officers to enter into contract with the preferred bidder following completion of the second stage of the procurement exercise.
- 3.14 Further information on the bids received during the marketing can be found in the exempt report.

Land assembly

- 3.15 In order to deliver the scheme the Council needs control of the whole site. The Committee report in February 2020 highlighted this as an issue, but expressed how officers considered it a prudent approach to progress the design development and preparation of a planning application along with progressing to RIBA 4 simultaneously with pursuing a strategy to secure acquisition of all land interests required for the delivery of the development.
- 3.16 The below bullet points summarise progress to date on the various land parcels:
- The Embankment – The Council has been in negotiations with the PLA over the purchase of the Embankment. Heads of Terms have been drafted and agreed but the process may take several months to complete due to delays to the Land Registry's registration process.
 - The Diamond Jubilee Gardens – The Council has been negotiating with the Twickenham Riverside Trust, who hold a lease on the current Gardens, on the terms upon which they surrender their lease and are granted a new one. Since the November 2020 Committee paper progress has been positive and both parties continue to work towards an agreement.

- King Street units – the Council owned King Street units are all currently leased. One is on a short-term lease, while the other two have protected leases. Notices have been served on the two long-term leases to align with the current construction programme.

3.17 There is another paper on the agenda for this Committee which outlines in detail the Council's contingency option for securing vacant possession, including the resolution to use Compulsory Purchase Order powers. It is important to note that this is a protective measure only. The Council's preferred route is, and has always been, negotiated agreements with all parties and work will continue in earnest to achieve this.

Project Risks

3.18 A full risk register is kept as part of the key project documentation. The main risks to the project are summarised in the exempt report.

Viability

3.19 The Council has committed to investing in this scheme, a message that has been consistent over the lifespan of the project. The Council has been clear that there is a need to think beyond a simple appraisal of cost versus direct revenues and to consider the wider benefits the scheme will bring including, but not limited to, the delivery of much needed affordable housing and improvements to public realm. The Council is thus taking a long-term view on the funding of the scheme, focusing on the benefits this scheme could unlock for residents.

3.20 The viability gap of the project has been reported to the Finance, Policy and Resources Committee in both the February 2020 exempt report and the November 2020 exempt report. The latest viability position is detailed in the accompanying exempt report, this will be regularly assessed as the design progresses towards construction. The project management and design teams have worked hard over the course of design development to keep costs down while still delivering a scheme that meets all quality, design and safety requirements and works within the numerous constraints of the site.

Next Steps

3.21 The design is being finalised before the submission of a planning application. Following submission work will start on Stage 4 of the design alongside this will be a period of market engagement with potential contractors and documentation will be prepared for the procurement of a building contractor. It is the Council's current intention to procure a contractor through a single stage design and build contract for the whole scheme where contractors would be asked to submit a fixed price for the contract at the end of a tendering process.

3.22 Towards the end of Stage 4, which is the current extent of the funds approved by Committee, and towards the end of the procurement of a building contractor a further Committee report will be prepared seeking the approval, and funds, to continue into the construction phase of the project.

4 COMMENTS OF THE DIRECTOR OF RESOURCES ON THE FINANCIAL IMPLICATIONS

- 4.1 The Director of Resources comments that in February 2021, and as part of the review of the Capital Programme, the available capital resources for this scheme were set at £1.858 million in 2020/21 and £2.560 million in 2021/22 bringing the total approved budget to £4.418 million over the two year period. The provisional expenditure for 2020/21 is £1.569 million resulting in the remaining provision being £2.849 million. The cost of the acquisition of leaseholder and freehold interests and future design and planning fees are expected to be met from within these approved sums. Further comments relating to the provision of affordable housing are commercially sensitive and are therefore contained in the exempt report.
- 4.2 Where available, and where application is considered reasonable, Strategic Community Infrastructure Levy (SCIL) and/or S106 receipt funded Richmond Affordable Housing Grant will be used to finance the scheme and reduce the need for external borrowing as far as possible.

5. COMMENTS OF THE ASSISTANT DIRECTOR STRATEGY AND DEVELOPMENT

- 5.1 A key policy objective and imperative for the Council, set out in the Council's Housing and Homelessness Strategy 2021, is to maximise the use of the Council's assets and resources to deliver affordable housing to meet priority and urgent housing needs as identified particularly through the numbers of priority households waiting on the Council's housing register for social housing. Not only is there a social imperative to deliver more low-cost homes in the Borough but there are related cost and social benefits as well. In providing additional genuinely affordable rented homes for letting there are in turn benefits from reducing reliance on more expensive forms of temporary accommodation. Additionally, intermediate housing provision can be targeted to and help meet the housing needs and demands of the borough's many key workers across a wide spectrum of services.
- 5.2 As identified in paragraph 3.9 of this report, although the Council is committed to delivering 50% affordable housing on the site by habitable room, the viability of this is challenging. To this end, officers will consider the use of Richmond Affordable Housing Grant that can be utilised to achieve 50% affordable housing by, either using grant to deliver the most appropriate balance of affordable tenures or, if necessary, bridging some of the difference between offers to deliver an affordable housing scheme and the optimal estimated market receipt that could be achieved for the Water Lane residential units. This is an approach which has been taken on another Council development site and essentially utilises Council affordable grant reasonably to release land for affordable housing development which might not otherwise be put to this use given the overall viability of the plans presented.

- 5.3 This report, including the exempt report, sets out the process officers will undertake to identify how to utilise Richmond affordable housing grant for the purposes set out in paragraph 5.2.

6. PROCUREMENT IMPLICATIONS

- 6.1 Any procurement activity associated with this report will be undertaken in accordance with the Council’s procurement regulations, contract standing orders and project governance arrangements.

7. LEGAL IMPLICATIONS

- 7.1 The Council has the power to enter into the agreement contemplated in this report pursuant to section 123 of the Local Government Act 1972 and section 24 of the Local Government Act 1988. Depending on how the final agreement is structured, it may be necessary to consider how any Council contribution to the scheme will be provided and whether any consents will be required.

8. CONSULTATION AND ENGAGEMENT

- 8.1 Please see section 3.3 - 3.7.

9. WIDER CORPORATE IMPLICATIONS

9.1 POLICY IMPLICATIONS / CONSIDERATIONS
All relevant policies are being considered and advice sought where required.
9.2 RISK CONSIDERATIONS
A full project risk register is kept by the project management team, please see section 3.18.
9.3 EQUALITY IMPACT CONSIDERATIONS
An Equality Impact Needs Assessment has been conducted and is appended to the other report on the agenda related to Twickenham Riverside. This will be reviewed again ahead of the submission of a planning application.
9.4 ENVIRONMENTAL CONSIDERATIONS
An EIA screening letter for the Twickenham Riverside project has been submitted and the Planning Authority have confirmed that an Environmental Impact Assessment is not required for this site.

10. BACKGROUND INFORMATION:

N/A

11. BACKGROUND PAPERS

- [November 2018 Cabinet Report](#)
- [February 2020 Committee Report](#)
- [November 2020 Committee Report](#)
- [January 2021 Committee Report](#)

[June 2021 – Committee Report \(Parking and Servicing Proposals\)](#)
[June 2021 – Committee Report \(Affordable Housing Update\)](#)

12. CONTACTS

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