

8 Albert Embankment – proposed way forward

Report to:

Commissioner's Board
Operational Delivery Board (for information).....
Finance and Investment Board (for information).....
Deputy Mayor's Fire and Resilience Board.....
London Fire Commissioner

Date:

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Report by:

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PART ONE

Non-confidential facts and advice to the decision-maker

Executive Summary

Following the refusal of planning permission for the redevelopment of 8 Albert Embankment (8AE), this paper is intended to propose the recommended way forward as an outcome of discussions on whether an updated Development Agreement (DA) can be achieved. On 23 May 2022, the key terms for an outline revised scheme for the three sites which comprise the 8AE (referred to as Front, Middle and Rear – see site plan at Appendix 1) site were accepted by LFB and U+I, the London Fire Commissioner's (LFC) development partner, as evidence that a viable scheme was possible.

This paper recommends that the re-negotiated heads of terms with U+I are agreed and a Voluntary Ex ante Transparency (VEAT) notice is published to the market with the purpose of establishing any procurement challenge to the competitive dialogue and evaluation outcome which appointed U+I as the winning bidder in 2016. Subject to no credible challenge being received, is proposed that a Deed of Variation to the current Development Agreement is implemented.

Proposed decision – the London Fire Commissioner

That the London Fire Commissioner

- approves the revised Heads of Terms between the LFC and U+i within the financial parameters of the existing DA with U+I (see Part 2 report).
- approves issuing a VEAT notice to the market.
- subject to there being no credible challenge following the VEAT notice, delegates authority to the Assistant Director of Property and Technical Support Services to enter into a Deed of Variation (DoV) to the existing DA between the LFC and U+i.

1 Introduction and background

- 1.1 The redevelopment of the 8AE site will provide a new Lambeth Fire Station and London Fire Brigade (LFB) Museum to improve the delivery of operational resources and enhance community engagement across LFB services. The redevelopment will generate a capital receipt for LFB and will provide housing for London, aligning with Mayoral and local planning policies with regard to public land.
- 1.2 Following a procurement exercise in 2008, Native Land (NL) were appointed as LFB's development partner for the site and an agreement was entered into between the parties for the sale of the property and the provision of a fully refurbished fire station. The NL scheme was refused planning consent in 2013 after an appeal by means of a public inquiry, and the agreement between LFC and NL was subsequently terminated.

- 1.3** The LFC subsequently decided to carry out a full OJEU (Official Journal of the European Union) procurement process, which was initiated in the summer of 2015. U+I was appointed as LFC's development partner as a result and a DA was entered into between the parties in August 2016.
- 1.4** After extensive consultation and design work, U+I submitted a planning application for the property in March 2019. The London Borough of Lambeth (LBL) resolved to grant planning permission and listed building consent for the scheme in December 2019. The Secretary of State (SoS) issued a 'holding direction' in respect of the application and subsequently 'called in' the scheme for determination. A planning inspector was appointed to consider the case and a public inquiry was held in December 2020.
- 1.5** In March 2021, the planning inspector submitted a report to the SoS on the outcome of the public inquiry and the SoS published a decision to refuse consent for the scheme in June 2021. The main grounds for refusal were the impact of the scheme on the daylight/sunlight amenity of neighbouring residential properties and the heritage harm caused by the proposals. U+I and LBL instructed their legal advisors to appeal against the SoS decision, however following judicial review, the leave to appeal was refused in October 2021.
- 1.6** Since then, the project team has undertaken further design work to de-risk the scheme in planning terms, whilst identifying ways to improve efficiencies to develop a viable scheme. Project viability has been significantly impacted by removing the two tall buildings on the Middle Site. Although this has resolved concerns regarding the loss of daylight/sunlight, it also removes substantial value from the appraisal. This revision, coupled with build cost inflation, affordable housing requirements and delivering new facilities for LFB has proved to be extremely challenging. That said, this has allowed U+I time to reconsider their strategy in accordance with changing market conditions, particularly the demand for industrial land, which has seen values increase in recent years.
- 1.7** The long-stop date in the DA was extended to 27 April 2022, to give U+I the opportunity to demonstrate to LFB that there is a viable scheme and that the existing DA be retained. This date has passed which means either party may now serve notice to terminate the DA. The LFC can retain £250,000, plus the recent sum for LFC's independent professional advisors (JLL) agreed since Autumn 2021, as a contribution to its costs. The remainder of the 5 per cent deposit is to be returned to U+I in line with the DA provisions on a 'no fault' termination being exercised.
- 1.8** It should be noted that in December 2021, U+I was acquired by Landsec (Land Securities Group plc) as part of a strategic move to increase Landsec's development pipeline and aid future growth. The new scheme, which includes an office element, is in keeping with Landsec's strategy and growth aspirations in central London.
- 1.9** Since November 2021, LFB officers have been working with their independent professional advisors Jones Lang Lasalle (JLL) and U+I to understand if a viable scheme with an acceptable level of planning risk can be developed. The negotiating timeline has involved:-
- **Nov 2021** - U+I present a revised offer
 - **Jan 2022** - Commissioner's Board review report on options and agree a recommendation to renegotiate with U+I a recommendable alternative proposal
 - **Dec/Jan 2022** - LFB internal engagement meetings to update and agree revisions to LFC requirements
 - **Jan 2022** - Design kick-off meeting for revisions to scheme
 - **Feb/Mar 2022** - Ongoing design meetings between LFB and U+I
 - **Mar 2022** - LFB & U+I commence discussion on draft communications strategy/agree holding lines
 - **Mar 2022** - Update to respective Deputy Mayors (Fire, Resilience and Emergency

Planning/ Housing and Residential Development

- **Mar/Apr 2022** - Meetings with GLA Housing & Land team on progress
- **Apr 2022** - 8AE project board - progress update
- **Apr 2022** - LFB & U+I communications strategy development
- **Apr 2022** - Longstop date of DA expired 27 April 2022
- **May 2022** - Final revised scheme and viability presented.
- **June 2022** - 8AE project board – commercial update

2 Objectives and expected outcomes

2.1 As a result of ongoing negotiations, a meeting between U+I and LFB's professional teams was convened on 23 May 2022 where the key terms for an outline revised scheme were accepted by LFB and U+I as evidence that a revised viable scheme was possible.

Scheme Design

2.2 The U+I design team have reviewed the outcome of the planning inquiry and the recommendations of the planning inspector. This has resulted in reducing the impact on the listed building and reconsidering the commercial offering on the front site to maximise value where possible and adapt to a changing market. The planned proposal, compared to the previous scheme, reduces the scale of buildings on the front site (including changing the double height glass rooftop extension to single storey), reduces alterations to the rear elevation of the listed building and replaces the previous hotel facility with an office building on a smaller plot. This is more sympathetic to the listed building and improves the drill yard size for Lambeth Fire Station.

2.3 To meet LFB requirements, the redeveloped Lambeth Fire Station is proposed as a split bay facility, with two of the planned four appliance bays providing the flexibility to accommodate LFB's largest appliances. The design provides 21st century facilities in support of LFB's strategic priorities to ensure an inclusive workplace, improved training for staff and accessibility for local communities. Assistant Commissioner Fire Stations and operational representatives have reviewed and assured concept design proposals.

2.4 The space plan for the new LFB Museum area remains similar in size and occupies the ground floor, mezzanine, and basement, however the space available at basement level has decreased to reduce build costs. Several design meetings between U+I and LFB's Museum team has delivered various design amendments to support the museum's business model, the planned facilities and associated exhibition space. When delivered, the new LFB Museum showcasing LFB's rich heritage will enhance LFB's estate with the first building designed solely for public use.

2.5 The Middle Site, consisting of LFB's former workshop area, was the most challenging of the three 8AE sites in planning terms and the most contentious. Several planning objections related to the two tall towers and the Heritage and Daylight & Sunlight impacts. The towers were previously proposed to optimise housing provision on public land for disposal, as well as ensuring development viability. The revised 2022 proposal, which includes proposals for housing and affordable housing, is based on a phased approach to planning, which reduces risk and ensures facilities for LFB are delivered at the earliest opportunity. At present, it is envisaged that the preferred use on the Middle Site will be light industrial which correlates with its Key Industrial and Business Area (KIBA) designation by the local planning authority.

Condition of 8 Albert Embankment - Front Site

2.6 LFB vacated their former headquarters building in 2008, however Lambeth Fire Station remains operational on this site, providing strategic emergency response cover for key risks within central London. Since that time, the ongoing expectation of future redevelopment resulted in a

significant reduction in investment in the building fabric and systems. Facilities maintenance has focused on meeting reactive and compliance maintenance requirements pending redevelopment.

- 2.7** Surveys in 21/22 to review areas of concrete spalling have confirmed the exterior of the building has developed concrete derogation. The commissioning of intrusive concrete investigations has determined that in general no defects were observed which could be deemed to compromise the overall stability of the building. However, risks are present with the tilting and compromised stability of the watchtower, the deterioration of concrete copings posing a continued risk to concrete spalling from the building and corrosion of lower balconies. The root cause of most defects was determined as poor waterproofing of the building.
- 2.8** Investment by LFB to undertake remedial work is recommended as the premises remains the current and planned future site for Lambeth Fire Station, as well as the proposed home for the new LFB Museum. Temporary scaffolding and propping measures are in place to protect the safety of the site, assuring continued service delivery from Lambeth Fire Station and protection of the public. These measures are interim and not designed to continue for the length of the current redevelopment timescales, which are difficult to estimate due to the need to secure planning permission for development of a viable scheme. LFB officers are awaiting further estimates to define the detailed specification of remedial works required in consultation with the local authority's listed building consent process. The status of the development agreement will be considered when confirming remedial works required.
- 2.9** An LFC report to secure the required capital investment to halt the current deterioration of the former LFB headquarters building at 8AE is progressing through governance. The report acknowledges the recent works to improve the workplace for station based crews and mitigate various building condition concerns. Proposals in the report are designed to mitigate risk in the medium term for only (circa 3-5 years) ahead of the planned site redevelopment in accordance with the current DA.

New LFB Museum

- 2.10** The delivery of a new LFB Museum has, for an extended period, centred on the 8AE redevelopment project. The Museum team has worked in consultation with the 8AE team, including U+I and their architects, over a number of years to progress the development and design of the LFB museum. The refusal of planning consent for the 8AE scheme has had a major impact on the Museum delivery plan. The opportunity to secure National Lottery Heritage Fund (NHLF) grant funding in support of the museum design and fit out has currently been removed.
- 2.11** As the revised scheme proposals for 2022 have developed, U+I have continued to work with LFB's Museum team on concept designs for the Category A space to be provided. This is with the objective of supporting the Museum's business model as much as possible whilst delivering a viable scheme within the current financial parameters of the Development Agreement in terms of build costs and land value to LFB. The museum design and delivery plan will be reviewed as part of the preparations for planning submission and further governance will be sought where appropriate.

Proposed Delivery Programme

- 2.12** On the assumption that heads of terms to vary the current DA can be achieved, an estimated achievable programme is outlined below.

- **June 2022** - QC instruction and advice received
- **July 2022** – Agreement of heads of terms
- **July 2022** - Report to Commissioner's Board/Deputy Mayor to agree proposed approach
- **July 2022** - Issue VEAT notice
- **Aug 2022** - Enter into DoV
- **Sept - Nov 2022** – Public engagement/consultation
- **Dec 2022** - Submit planning application to LB Lambeth
- **Apr 2023**- LB Lambeth planning committee
- **Sept 2023** - Planning consent/conditions achieved
- **Sept-Dec 2024** - Decant of Lambeth fire station providing vacant possession for 18 months
- **Dec 2024** - Start on front site
- **May 2026** - Completion of Lambeth fire station and re-occupation by LFB crews
- **June 2027** - practical completion (including Museum Cat A space & office)

2.13 Having undertaken appraisals of alternative options, including the possibility of re-procurement, the LFC is advised that the recommendation made in this report provides the most beneficial outcome with regards to the site.

3. Equality comments

3.1 The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.

3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before, during, and after a decision has been taken.

3.3 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.

3.4 The Public Sector Equality Duty requires decision-makers in the exercise of all their functions, to have due regard to the need to:

- eliminate discrimination, harassment and victimisation and other prohibited conduct.
- advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
- foster good relations between people who share a relevant protected characteristic and persons who do not share it.

3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

- 3.6** The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 3.7** Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice
 - promote understanding.
- 3.8** An updated Equalities Impact Assessment (EIA) has not been attached for consideration. It is envisaged this will be undertaken as part of a new planning application process to LB Lambeth as concept design proposals are currently subject to change until detailed design is submitted. At the point where detailed plans for a revised redevelopment scheme is agreed, an updated EIA will be completed on the LFB facilities being proposed to ensure alignment with the provisions of the Equality Act 2010.

4 Other considerations

Workforce comments

- 4.1** It is not anticipated that there will be any workforce implications should a DoV to the current 8AE DA be achieved. It should be noted that an internal communications plan is in development to ensure key internal stakeholders and staff, especially crews based at Lambeth fire station, can be briefed in a timely manner at agreed milestones to ensure they stay informed on progress. The trade unions will normally be provided with this report in advance of the Deputy Mayor's Fire & Resilience Board meeting on 26 July 2022.

Sustainability comments

- 4.2** This report does not introduce any new sustainability impacts. A redeveloped 8AE site will remove any reliance on gas and deliver a sustainable energy provision within the revised scheme to support the LFB target to achieve net zero by 2030. At the point where a temporary decant of Lambeth fire station takes place as part of the redevelopment programme, the recently replaced boiler will be removed to support fallback arrangements to fire stations across the estate ahead of carbon net zero delivery.

Procurement comments

- 4.3** This report notes the content of Part 2 report regarding the planned VEAT process and is in agreement with the report recommendations. It is also noted that the contract providing estates professional services to support the LFC in property matters is expiring on 30 September 2022. There is provision under the new estates professional services framework, under which a new contract is due to be awarded in July 2022, to call off non-core estates services for bespoke property projects. It is anticipated this provision will be utilised to secure continued provision of professional estates services to the LFC after current contract expiry.

Communications comments

- 4.4** A draft communications plan has been prepared between U+I's retained communications consultants London Communications Agency (LCA) and officers from LFB communications department. Detailing the proposed external and internal planning, this will be finalised as a priority and agreed in coming weeks in readiness for delivery once the VEAT process has

expired. It is anticipated that critical key stakeholder and community engagement activities will be undertaken between September and November 2022, prior to any planning submission to LB Lambeth.

5 Financial comments

- 5.1 This report recommends that the revised Heads of Terms are agreed with U+I. for the sale of 8 Albert Embankment. The financial implications are set out in the part 2 report.

6 Legal comments

- 6.1 Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office.
- 6.2 Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.

By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior consultation with either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor").

- a. Paragraph (c) of Part 3.1 of the said Direction requires the Commissioner to consult with the Deputy Mayor as far as practicable before "any other decision which can reasonably be considered to be novel contentious or repercussive in nature".

- 6.3 The original consent to entering into the DA was made by LFEPa in a full Authority meeting on 17 March 2016 issued under FEP2586X. The published decision stated that the Authority "Authorises the Director of Finance and Contractual Services, in conjunction with the Head of Legal and Democratic Services, to complete the Agreement (subject to planning and other appropriate conditions) and to include the obligation for the reprovision of the fire station and Museum with the company named in the report (FEP 2586X) on the basis that their base tender price results in the best consideration reasonably obtainable for the site at an appropriate level of risk to the Authority".
- 6.4 When the LFC superseded LFEPa on 1 April 2018, all live contracts granted consent by LFEPa were permitted to transfer to LFC pursuant to the Transfer and Vesting Order dated 1 April 2018. The DA was one such live contract as the parties were then in negotiations with LB Lambeth to submit a planning application. The proposals in this report keep the DA alive and recommend varying it by way of a Deed of Variation. Therefore, the original LFEPa decision of 17 March 2016 remains valid and applicable.

List of appendices

Appendix	Title	Open or confidential*
1	8 Albert Embankment site plan	Open

Appendix 1



Site plan showing (from left to right) Front, Middle and Rear sites

Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

Is there a Part Two form: YES