



Tenant Led Right to Transfer

Socioeconomic Evaluation

On behalf of **DCLG**

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Contents

EXECUTIVE SUMMARY	v
1 Introduction	1
1.2 Structure of the report	5
2 Policy Context	6
2.2 National Policies	6
2.3 London Policies	6
2.4 LBHF Policies	8
2.5 Opportunity Area Policies	10
2.6 Summary	12
3 Socioeconomic Baseline	13
3.2 Methodology and Data Sources	13
3.3 Economic Conditions	13
3.4 Social Conditions	16
3.5 Summary	18
4 Provision of housing services	19
4.2 Criteria for evaluation	19
4.3 Impact assessment.....	20
5 Regeneration of the area	24
5.2 Concrete progress of the regeneration scheme	24
5.3 Detrimental effects on the regeneration of the area	27
5.4 Phase 1: Logic model	29
5.5 Phase 2: Criteria for evaluation	29
5.6 Phase 3a: Economic Impact Assessment	31
5.7 Phase 3b: Qualitative Impact Assessment.....	41
5.8 Phase 4: Conclusions	44
6 Conclusions	45
6.1 Detrimental effects on the provision of LBHF’s housing services	45
6.2 Detrimental effects on the regeneration of the local area	45

Figures

Figure 1-1. Opportunity Area boundary and the Estates	2
Figure 1-2. ECP Masterplan area.....	3
Figure 2-1. Policy documents timeline	12
Figure 3-1. Opportunity Area’s IMD in context	16
Figure 3-2. Education facilities around the Opportunity Area.....	18
Figure 5-1. Logic model.....	28
Figure 5-2. Planned plots under Planning Permissions 1 and 2	33

Tables

Table 3-1. Employment profile 14
Table 3-2. Occupational profile 14
Table 5-2. Planned land use of the Estates land 33
Table 5-3. Summary of scenarios 34
Table 5-4. Housing supply – Opportunity Area 37
Table 5-5. Additional economic activity – Opportunity Area..... 40
Table 5-7. Summary of deliverables – community facilities 42
Table 5-8. Summary of deliverables – transport and other infrastructure 43

Appendices

Appendix A Evidence overview
Appendix B Criteria for evaluation
Appendix C LBHF Housing programme
Appendix D Additional Evidence

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EXECUTIVE SUMMARY

- 1.1.1 The Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations 2013 ('the Regulations') allow local authority tenants to serve a notice to begin the process of exploring the potential transfer of housing stock to a new social landlord. Before a transfer goes ahead, a majority of tenants voting in favour in a ballot is required and, at the end of the process, the consent of the Secretary of State.
- 1.1.2 In August 2015, West Kensington and Gibbs Green Community Housing (WKGCH) submitted a transfer notice to London Borough of Hammersmith & Fulham (LBHF). On 25 September 2015, LBHF applied to the Secretary of State for a determination to halt the transfer process, under Regulation 13 of the Regulations, on the grounds that the "*proposed transfer will have a significant detrimental effect on the provision of housing services in the area of the authority or regeneration of the area*"¹.
- 1.1.3 This study has assessed the potential impacts of the proposed Estates stock transfer: on the provision of housing services in the Council area; and on the regeneration of the Earls Court and West Kensington Opportunity Area ('the Opportunity Area'), based on the evidence submitted by LBHF/Capco and WKGCH. The following process was adopted:
- **Review of evidence submitted by WKGCH and LBHF/Capco:** all submitted evidence was reviewed and each document's relevance to the assessment considered. Gaps in the evidence were also identified. See Appendix A.
 - **A summary of relevant policies and strategic context:** Key planning and housing policies and strategy documents which form the regeneration and development context at national and local level were reviewed. This informed the evaluation criteria used in the impact assessment.
 - **Socioeconomic baseline analysis:** Contextual information describing the Opportunity Area, i.e. the area covered by the Earls Court Project Masterplan ('ECP Masterplan'), was brought together, profiling key economic and social indicators as the basis for assessing potential Estates stock transfer impacts.
 - **Provision of housing services in the local area – impact assessment:** the impact of Estates stock transfer on LBHF's HRA revenue, expenditure and capital receipts was examined. Evidence submitted by LBHF/Capco and WKGCH and other publically available information² was used in the assessment.
 - **Regeneration of the local area – impact assessment:** this considers the "concrete progress" made by the ECP Masterplan and examines the potential impacts of Estates stock transfer on key indicators. A quantitative analysis of impacts on housing, employment, and local economy has been prepared, accompanied by a qualitative commentary of the effects on community facilities, transport and other infrastructure, and the living environment. Evidence submitted by LBHF/Capco and WKGCH³ was used in the assessment.
- 1.1.4 The socio-economic evaluation found the following:

¹ Regulation 13 of the Right to Transfer Regulations.

² Publically available data and information has been used where gaps in the evidence base have been identified.

³ With the exception of WKGCH People's Plan which was not submitted as part of the evidence but is a publically available document.

- There is insufficient evidence to conclude that Estates stock transfer will have a significant detrimental impact on the Council’s ability to provide housing services for its remaining housing stock.
- Regeneration of the Opportunity Area is making “concrete progress” in line with the ECP Masterplan.
- There is sufficient ground to conclude that Estates stock transfer will have a significant detrimental effect on the regeneration of the Opportunity Area:
 - The available evidence indicates some 7,583 houses will be delivered in the regeneration plans for the Opportunity Area, including some 1,500 social and affordable housing units. Were Estates stock transfer to proceed, the existing 760 units would be retained and the maximum possible through any regeneration of the Opportunity Area reduced to 5,137 units (including 1,341 social and affordable homes) – a reduction of 32% in aggregate.
 - Were the Estates removed from the comprehensive regenerations programme, there would be considerable uncertainty over the deliverables of the ECP Masterplan, including the anticipated increase in the size of the local population and the scale of community, business, retail and other facilities associated with it.

1 Introduction

- 1.1.5 DCLG has commissioned Peter Brett Associates (PBA) to prepare a socioeconomic evaluation of the proposed transfer of the West Kensington and Gibbs Green Estates to assess whether, or not, the transfer will have a significant detrimental effect on LBHF's provision of housing services in its area or the regeneration of the local area. Its findings will inform the Secretary of State's decision in respect of LBHF's determination request submitted under Regulation 13 of the Right to Transfer 2013 Regulations.
- 1.1.6 The West Kensington and Gibbs Green Estates, the subject of the proposed transfer, are situated in the Earls Court and West Kensington Opportunity Area ('Opportunity Area'), which has been identified in the London Plan as an area of "significant opportunity for regeneration comprising estate renewal and housing and employment growth"⁴.
- 1.1.7 The boundary of the Opportunity Area (as shown in the Figure 1-1 below) is defined by Warwick Road and the West London Line (rail) to the east, West Cromwell Road (A4) to the north, North End Road to the west and Old Brompton/Lillie Road to the south. The area is comprised of three wards in the London Borough of Hammersmith & Fulham (LBHF) and the Royal Borough of Kensington and Chelsea (RBKC), namely Earls Court (RBKC), North End (LBHF) and Fulham Broadway (LBHF). In total, the Opportunity Area covers 38 hectares of brownfield land in West London.
- 1.1.8 Three sub-areas make up the Opportunity Area, including: the West Kensington and Gibbs Green Estates (hatched area Figure 1-1); Earls Court Exhibition centres 1 & 2 (east of the Estates); and Seagrave Road car park (south of Lillie Road).

⁴ Page 359, The London Plan, GLA, 2016.

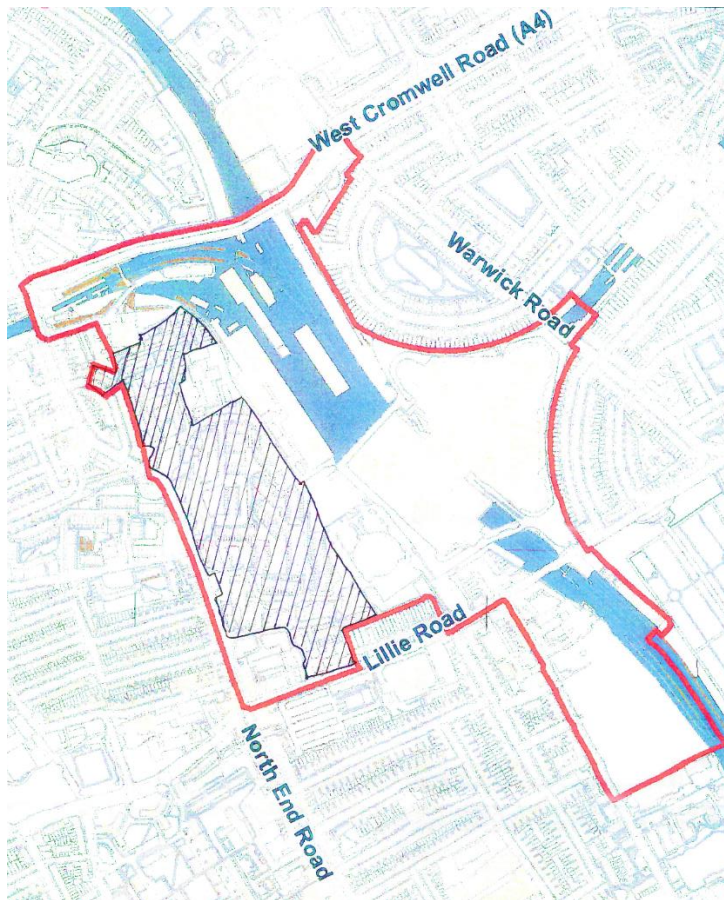


Figure 1-1. Opportunity Area boundary and the Estates

- 1.1.2 The Earls Court Project Masterplan ('ECP Masterplan') profiles the regeneration of 77 acres of the Opportunity Area. Delivery of the ECP Masterplan (designed by Sir Terry Farrell) is anticipated to bring a wide range of economic and social benefits. These include new homes, new construction and permanent jobs for the local area and London as a whole, a new day nursery, a financial contribution to existing or provision of new primary and secondary education facilities, a new High Street with retail and supporting facilities, and a range of new culture and leisure facilities.
- 1.1.3 The ECP Masterplan is being brought forward in three primary planning permissions:
- Planning Permission 1 covers part of the Masterplan area in RBKC (outline planning permission granted on 14th November 2013);
 - Planning Permission 2 covers part of the Masterplan area in LBHF which includes the area presently occupied by the Estates but excludes Seagrave Road (outline planning permission granted on 14th November 2013); and
 - Planning Permission 3 covers the Seagrave Road area which is part of LBHF (full planning permissions granted 30th March 2012).
- 1.1.4 As shown in Figure 1-2, Planning Permissions 1 and 2 form the main site (28 hectares) with Planning Permission 3 south of Lillie Road (3 hectares).



Figure 1-2. ECP Masterplan area

- 1.1.5 Covering approximately 8.5 hectares with 760 homes, the WKGG Estates account for 27% of the ECP Masterplan area.
- 1.1.6 The 2013 Conditional Land Sale Agreement between Capco and LBHF (the Council) provides for the inclusion of the West Kensington and Gibbs Green Estates in the ECP Masterplan. Under the Conditional Land Sale Agreement, Capco will pay five yearly £15m instalments to LBHF (from December 2015 to December 2019) towards the £105m sale of the Estates⁵.
- 1.1.7 Under the ECP Masterplan, the WKGG Estates will be demolished⁶. The land will be used primarily for residential purposes (market and affordable housing) with some retail, business, education/community/leisure development. All of the demolished homes will be replaced in the Opportunity Area. Under the Conditional Land Sale Agreement, the Council will enter into 995-year leases for the replacement homes with Capco. LBHF has assured all qualifying WKGG residents that they will be offered a new home in the redevelopment. Council tenants will remain on the same lease terms as they presently have while existing homeowners (leaseholders and freeholders) will be offered the market value of their home and an opportunity to purchase a replacement home with a 10% early purchase discount.

⁵ £15m was paid by Capco in 2011 for an Exclusivity Agreement with the Council. A further £15m was paid for the Gibbs Green School and 11 Farm Lane in 2013 when the Conditional Land Sale Agreement was exchanged in 2013.

⁶ In 2010 Capco carried out a series of community engagement events to introduce the ECP Masterplan concept to residents in the Opportunity Area and surrounding communities. Capco reported that Estates' residents strongly opposed the Estates' inclusion in the regeneration proposals; however, many of those in surrounding communities saw the inclusion of the Estates as a necessary part of the regeneration proposals.

- 1.1.8 West Ken Gibbs Green Community Homes Limited (WKGGCH) was established in 2011 by residents in response to the ECP Masterplan. In August 2015 WKGGCH submitted a Transfer Notice to LBHF with the aim of transferring the Estates into community ownership under resident control (the Estates stock transfer). This was done with a view to gain more community control over decisions regarding the future of the Estates and to prevent the Estates demolition⁷. WKGGCH has prepared an alternative to the ECP Masterplan for the Estates, called the People's Plan. This provides a high level vision for the Estates were the stock transfer to be approved. The People's Plan provides for: an additional 250 houses, to be built on top of the existing blocks and on infill land; improvements to the existing stock, provision of new community halls and improvements to public open space in the area.
- 1.1.9 A determination case was submitted by LBHF to the Secretary of State in September 2015 challenging the proposed transfer under Regulation 13 of the Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations on the grounds that the "*proposed transfer will have a significant detrimental effect on the provision of housing services in the area of the authority or regeneration of the area*".⁸
- 1.1.10 In this report, the analysis of *housing services* as indicated above is concerned with potential effects of Estates stock transfer on the repair and maintenance of Council homes and related resources borough-wide. It is assumed that the Council retains all of its remaining stock regardless of whether or not Estates stock transfer proceeds. This is discussed in Chapter 4.
- 1.1.11 The Statutory Guidance does not expand on what should be considered the appropriate area to gauge regeneration impacts. A case specific interpretation is therefore considered appropriate. Regeneration of the Estates (if the Estates stock transfer does not go ahead) is part of a comprehensive regeneration scheme developed for the Earls Court and West Kensington Opportunity Area (i.e. the ECP Masterplan). Though some elements of the ECP Masterplan might be delivered as standalone developments, the majority of deliverables and benefits have been calculated based on the linkages and dependencies of key elements within the ECP Masterplan. For example, any financial contribution towards education facilities provided within the Opportunity Area will depend on its future residential population which is in turn dependent on the number of housing units built in the area. The ECP Masterplan indicates that a large proportion of the new homes in the Masterplan area will be built on the land currently occupied by the Estates. Thus, removing Estates from the ECP Masterplan will have impacts on the whole regeneration scheme which covers the Opportunity Area.
- 1.1.12 In this instance, a broader definition of the area which is the subject of regeneration to the borough would not be appropriate. The LBHF Core Strategy identifies five independent regeneration areas within the borough with no direct or explicit links between them. Thus, the Estates stock transfer is considered unlikely to have an impact on the regeneration of the other four regeneration areas. Extending definition of the area borough-wide also risks diluting any potential impacts on the regeneration due to the relatively small scale of the Estates compared to the area covered by LBHF.
- 1.1.13 For the purpose of this analysis, the area subject to *regeneration area* is understood to be the Opportunity Area, with its regeneration defined by the ECP Masterplan. The principles and objectives of the ECP Masterplan are defined in Section 2 and Section 5.4 of this report. They are based on the principles that underpin the vision for decent neighbourhoods as set out in LBHF's Core Strategy⁹.
- 1.1.14 Potential impacts of the Estates stock transfer on regeneration of the area are discussed in Chapter 4.1.1.

⁷ WKGGCH statement submitted to the Secretary of State on 23 October 2015.

⁸For guidance on Regulation 13, see Paragraph 25, the Statutory Guidance, the Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations, 2013.

⁹ Paragraph 4.9, LBHF Core Strategy, 2011.

1.2 Structure of the report

1.2.1 This socioeconomic evaluation report is structured as follows:

- Review of evidence submitted by WKGGCH and LBHF/Capco;
- Policy and strategic context summary;
- Socioeconomic baseline analysis;
- Provision of housing services – impact assessment;
- Regeneration of the area – impact assessment; and
- Conclusions.

2 Policy Context

2.1.1 This chapter provides an overview of the key planning and housing policy and strategy documents which form the regeneration and development policy context at national and local level. These documents frame the socioeconomic case for regeneration in the Opportunity Area. Key planning principles and housing targets have informed the assessment criteria used to evaluate the potential impact of the Estates stock transfer on the regeneration of the local area (discussed in Section 4.2 and Appendix B).

2.2 National Policies

National Planning Policy Framework 2012 (NPPF)

2.2.1 The NPPF sets out the Government's planning policies and how these are expected to be applied in plan making and decision making in England. The purpose of the planning system is to contribute to the achievement of sustainable development and help deliver this outcome, the NPPF sets out core planning principles for planning including:

- supporting economic development including job creation;
- securing high quality design and amenity for existing and future occupants of land and buildings; and
- meeting objectively assessed needs for housing and responding positively to wider opportunities for growth.

2.2.2 The NPPF requires planning authorities to identify priority areas for economic regeneration, infrastructure provision and environmental enhancement. Potential solutions in such priority areas could include promotion of mixed use developments (such that housing needs and business needs of the area are met), provision of a high standard of amenity, and recognition of wider opportunities for growth in the priority areas. Development projects should also be guided by local strategies to improve health, social and cultural wellbeing for all, and deliver sufficient community and cultural facilities and services to meet local needs.

2.2.3 In terms of housing provision, policies advocate a mix of housing based on evidence and need to reflect local demand, with clear policies to meet affordable housing requirements.

2.2.4 In promoting strong communities, NPPF emphasises opportunities for interaction through mixed-use development, strong neighbourhood centres and active street frontages to bring together residents, visitors and local employees. This includes provision of safe and accessible environments and developments with high quality public spaces which encourage the use of public areas.

2.3 London Policies

Mayor's London Plan 2016

2.3.1 The Mayor's London Plan is an overall strategic plan for London, published in 2011 and subsequently updated in 2016. It provides an integrated economic, environmental, transport and social framework for the development of London over the next 20-25 years.

2.3.2 The London Plan identifies 38 Opportunity Areas and 7 Intensification Areas as sites with significant capacity for development. These Opportunity Areas play an important role in delivering growth and regeneration across London. Earls Court and West Kensington is identified as one of the Opportunity Areas with a significant opportunity for regeneration comprising estate renewal and housing and employment growth. The Plan states that a

comprehensive approach should be taken to planning the future of the exhibition complex, the Transport for London Lillie Bridge Road depot, the local authority housing estates and other sites in the vicinity. To guide development in the Opportunity Area, a Joint Supplementary Planning Document has been prepared in partnership with LBHF, RBKC and TfL.

- 2.3.3 The London Plan recognises the need for a minimum of 49,000 homes per annum between 2015 and 2036 to meet anticipated population requirements. Earls Court and West Kensington Opportunity Area has been identified to have an employment capacity of 9,500 and an indicative site capacity of 7,500 residential units. This potential increase in housing supply aims to improve housing choice and affordability, and provide better quality accommodation. There is an emphasis on promotion of mixed and balanced communities, particularly regarding tenure and household income across London, social diversity, and communities' sense of responsibility for their neighborhoods.
- 2.3.4 The London Plan also acknowledges the pressure on housing land in London. It identifies capacity for provision of 42,000 new houses per annum, 7,000 short of the identified requirement. The Inspector's report to the Mayor of London¹⁰ notes that boroughs need to adopt new, innovative solutions, including increased densities to meet the objectively assessed housing need.
- 2.3.5 The Plan accordingly states that Opportunity Areas should optimise residential and non-residential output and densities, e.g. contain a mix of uses (where appropriate) and contribute toward housing/employment targets. They should make better use of existing infrastructure and provide social and other infrastructure to sustain growth. This includes provision of enhanced local and neighborhood shopping opportunities and other facilities to provide local goods and services at an appropriate scale.
- 2.3.6 In relation to the Earls Court and West Kensington Opportunity Area, the London Plan states that a comprehensive approach should be taken to planning the future of the area including "the exhibition complex, the Transport for London Lillie Bridge Road depot, the local authority housing estates and other sites in the vicinity"¹¹.

Estate Regeneration National Strategy 2016¹²

- 2.3.7 The Estates Regeneration National Strategy aims to "support local partners to improve and accelerate local estate regeneration to deliver more and better quality housing, drive local growth and improve opportunities for residents". It sets out Government's expectations for how landlords, developers and local authorities should engage with residents throughout an estate regeneration scheme, including:
- Early and ongoing engagement;
 - Demonstrating resident support;
 - Protection, choice and opportunities for residents;
 - Minimising disruption to residents and maintaining community ties; and
 - Residents' involvement in the management of estates.

¹⁰ Report to the Mayor of London by Mr A Thickett, an Inspector appointed by the Secretary of State for Communities and Local Government, GLA, 2014.

¹¹ Page 359, The London Plan, GLA, 2016.

¹² Estate Regeneration National Strategy was published on 8 December 2016, after the commission of this report. However, it has been included to provide a comprehensive overview of the policy context.

- 2.3.8 The national strategy notes that local authorities have a key role in maximising opportunities for estate regeneration by linking schemes to wider regeneration and housing delivery options.

2.4 LBHF Policies

LBHF Core Strategy 2011

- 2.4.1 The Core Strategy sets strategic objectives relevant to the Opportunity Area and highlights a long term regeneration aim for the Hammersmith and Fulham. Key issues to be addressed include reducing deprivation and polarisation, increasing housing supply and diversifying tenure, improving the quality of housing, increasing local employment, and improving the quality of the local environment.
- 2.4.2 It notes a substantial opportunity for regeneration of the Earls Court and West Kensington Opportunity Area with potential to provide significant new housing and employment opportunities. The area is also noted to have the potential to become a “major new neighbourhood” in the LBHF and West London.
- 2.4.3 The Core Strategy considers inclusion of the Estates in the comprehensive regeneration scheme to achieve their long term regeneration, to tackle social, economic and physical deprivation, and create decent neighbourhoods. It notes substantial benefits from a phased comprehensive masterplanned approach to the regeneration of the Earls Court Exhibition Centre complex, the TfL depot and the Estates.
- 2.4.4 The Core Strategy also notes that regeneration of the Opportunity Area fulfils strategic policy objectives including increasing the supply and choice of high quality housing and ensuring that new housing meets local needs and aspirations. Its delivery aims to contribute to, if not exceed, the London Plan target of 615 additional dwellings annually to 2021. It will also help meet the Core Strategy’s target for at least 40% of additional dwellings built between 2011-21 to be affordable.
- 2.4.5 The Core Strategy aims to create more stable, mixed and balanced communities by supporting the local economy and inward investment. It also aims to ensure that provision of community facilities and amenities meets the needs of residents and visitors to the borough. This should include access to a range of high quality facilities and services, including retail, recreation, arts, entertainment, health, education and training. It aims to improve and protect amenity and quality of life for residents and visitors by ensuring a safe and accessible local environment with a strong sense of place.
- 2.4.6 The Core Strategy calls for major new leisure and recreation facilities in the Opportunity Area to replace the existing Earls Court Exhibition Centres. It also calls for new public and private open spaces.
- 2.4.7 The Core Strategy identifies the following principles underpinning the vision for decent neighbourhoods:
- A clean and safe neighbourhood located in an area rich in opportunity. A neighbourhood where most people of working age are in work rather than dependent on welfare.
 - A housing mix by type, size and tenure to attract people on a range of incomes. A neighbourhood where getting on in life does not mean moving out. A neighbourhood where people can acquire a stake in their own homes.
 - Types of residential development that are predominantly low or medium rise (e.g. 3-6 storeys), consisting of houses, small scale developments of flats and maisonettes, modern forms of the traditional mansion block, with gardens and shared amenity space in street based layouts, rather than inward looking estates or gated developments.

- Good design that ensures that tenure differences are not obvious.
- Well designed, accessible and inclusive buildings, public and private spaces, and active streets that respect their surroundings.
- A range of shops, local services, leisure and other facilities (including open space and play space) within walking distance that meet the needs of a mixed community at different stages of peoples' lives.
- Employment and training opportunities for a range of skills and attainment levels.
- Good levels of educational attainment and skills, achieved or sought. Schools of choice for local people.
- Neighbourhoods which enable healthy lifestyles and good access to healthcare services which will help deliver better health outcomes.
- Low levels of crime, fear of crime and anti-social behaviour.
- A street pattern linking one place to another, encouraging waling routes through areas.
- Access to good transport services.
- Satisfaction with the local town space, public realm and environment, and its upkeep; no wasted or uncared for land.
- Satisfaction with management of the public realm and the housing stock.

LBHF Borough Investment Plan 2011

- 2.4.8 The Borough's Investment Plan states that the majority of new housing between 2012 and 2032 will be delivered in the Council's five regeneration areas, with the Earls Court and West Kensington Opportunity Area one of them. It forecasts 13,200 additional homes and 25,000 new jobs to 2032.
- 2.4.9 Phased regeneration is expected over 20 years on the West Kensington, Gibbs Green and Clem Attlee estates to "establish mixed and balance communities and to help to support the economic regeneration which will, in turn, benefit residents through improving employment opportunities and local shops and services." The Investment Plan notes that the process of regeneration will only go forward following a programme of engagement with estate residents, and the provision of opportunities for them to stay in the area.
- 2.4.10 Within the Earls Court area, the Investment Plan identifies the primary opportunities for increased housing as the TfL Depot area and the Seagrave Road car park site, alongside broader densification through regeneration. This is consistent with the ECP Masterplan proposals.

LBHF Revenue Strategy 2012

- 2.4.11 The management of the Borough's housing stock returned to the Council from H&F Homes Ltd., an Arm's Length Management Organisation (ALMO) in April 2011¹³. In March 2012 Housing Revenue Account (HRA) reform enabled local authorities to become "self-financing", managing their housing assets to ensure they are supported and maintained from HRA income, including income from rentals and service charges.

¹³ LBHF housing stock was managed by H&F Homes Ltd. Between June 2004 and 31st March 2011.

- 2.4.12 HRA reform ensures management of housing stock is supported by the income produced by that stock rather than annual transfers between central and local government.
- 2.4.13 LBHF's Revenue Strategy considers the overall sustainability of the borough's housing management. This suggests that there have been significant pressures on HRA. The Government's Decent Homes programme led to "catch up" investment in repairs and improvements but only covered certain property elements (e.g. it excluded lifts and public realm improvements). Additionally, revenue from rents did not cover the costs of stock management, repairs and maintenance.
- 2.4.14 The document suggests that, to achieve a sustainable HRA, the costs of managing and maintaining the "housing stock should be funded from rents and service charges, with disposals used to fund strategic initiatives and to reduce debt, thereby reducing the interest burden on the HRA, rather than routine maintenance expenditure."

Proposed Local Plan 2016

- 2.4.15 The Opportunity Area features prominently in LBHF's Proposed Local Plan, published in accordance with Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012.
- 2.4.16 The Proposed Local Plan identifies regeneration schemes as the main locations for housing growth in the borough. Its other key strategic objectives focus on provision of education and training, access to high quality facilities and services, and providing a choice of high quality housing and social/affordable housing to meet local needs. These objectives are complemented by an emphasis on inward investment, developing apprenticeships, and maximising job opportunities.
- 2.4.17 The Proposed Local Plan adopts the housing and employment growth targets developed in the Mayor's London Plan.

2.5 Opportunity Area Policies

ECP Masterplan 2011

- 2.5.1 The ECP Masterplan was developed following a long process of public consultation. It aims to address the following recurring topics raised by the consultees:
- Desire to see the Opportunity area improved and recognition of the need for change;
 - Joining of communities which are fragmented by limited connectivity within the Opportunity Area; and
 - Prospect of increased economic prosperity in the Opportunity area.
- 2.5.2 The ECP Masterplan was also developed from the planning principles set out in the Mayor's London Plan. It aims to optimise densities in the Opportunity Area, recognising the capacity of the area to accommodate large-scale residential and other development.
- 2.5.3 The ECP Masterplan proposes to transform the Earls Court and West Kensington Opportunity Area into a new urban district based on four urban villages and a 21st century High Street. The area will benefit from new homes, offices, hotels, education and community facilities, and new public open spaces. In particular:
- New and replacement high quality housing including a range of housing types and different tenures.

- High Street with shops, cultural, community facilities and an enterprise centre comprising affordable workspace.
- A new, integrated health hub which could include primary health facilities, a dentist, optician and care for the elderly.
- Training and employment support for local population.
- Investment into public transport infrastructure, including improvements to underground stations, and enhancement of the existing and introduction of new bus and cycles routes.
- Changes to the urban grain to design streets that encourage walking and cycling.
- 50% of the Opportunity Area will be dedicated to open space.

2.5.4 The outcome of this comprehensive regeneration scheme are expected to include:

- Transformation of largely under-used land in central west London into a new urban district that promotes sustainable living;
- Improvement of connectivity and permeability of the Opportunity Area; and
- Provision of accessible open spaces for work and leisure.

Earls Court and West Kensington Opportunity Area Joint Supplementary Planning Document 2012

2.5.5 The Earls Court and West Kensington Opportunity Area Joint Supplementary Planning Document (SPD) has been prepared to guide development in the Opportunity Area. It identifies the area as “one of the few remaining large development sites, close to central London, which has the potential to bring economic opportunity, new homes and new jobs on a grand scale”. It identifies a number of objectives to be delivered through a phased comprehensive regeneration scheme:

- Maximise connectivity;
- Provide good quality public open space that offers a range of recreational and ecological opportunities and overcomes existing deficiencies in access to public open space and play facilities;
- Ensure that new housing and estate regeneration creates mixed and diverse residential neighbourhoods;
- Increase employment opportunities and improve access to training initiatives and apprenticeships;
- New comparison and convenience retail offer that meets the needs of the new and existing residents of the area;
- Create a lively cultural destination with a variety of culture, arts and creative facilities that continues the Earls Court brand;
- Provide social and community facilities to meet the needs of the new residents; and
- Ensure a holistic approach is taken to walking, cycling and public transport that delivers a high quality public realm and improves local connectivity.

2.5.6 The SPD states that the comprehensive regeneration of the Opportunity Area should provide affordable units to facilitate re-provision of housing for those residents of the West Kensington and Gibbs Green Estates who wish to remain in the area.

2.5.7 The SPD comments on the high levels of deprivation in the Estates relative to Borough and national levels. Based on the Proposed Estates Regeneration Economic Appraisal¹⁴ commissioned by LBHF, inclusion of the Estates in the comprehensive regeneration scheme would bring the greatest benefits to the area.

Amended ECP Masterplan 2012

2.5.8 Following stakeholder consultation, changes to the ECP Masterplan included revisions to the area of proposed floor space and a change in the number of residential units in planning applications to LBHF and RBKC (without changing the total planned for the Opportunity Area). There were no changes to the principles and objectives of the original ECP Masterplan.

2.6 Summary

2.6.1 Figure 2-1 plots the above policy and strategy documents on a timeline and summarises the relationships between them.

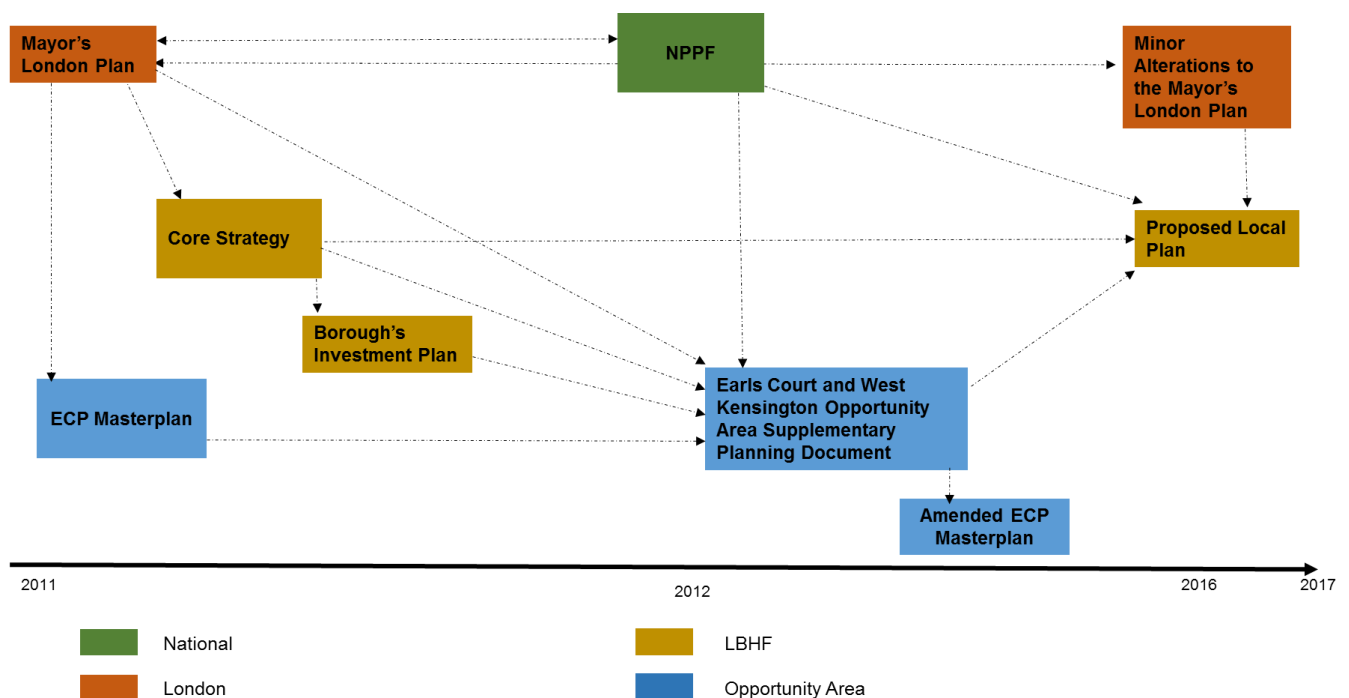


Figure 2-1. Policy documents timeline

¹⁴ Proposed Estates Regeneration – Economic Appraisal, Amion Consulting, 2011.

3 Socioeconomic Baseline

3.1.1 The socioeconomic baseline provides contextual information on the Opportunity Area, i.e. the area covered by the ECP Masterplan. It details the key economic and social indicators for the local area as the basis for assessing the potential impacts of the Estates stock transfer on the regeneration of the area.

3.2 Methodology and Data Sources

3.2.1 Socioeconomic indicators have been grouped into subject areas reflecting a broad range of outcomes. Taken together, these provide a robust indication of the area's present socioeconomic needs.

3.2.2 Data sources are referenced throughout the report¹⁵. The most recent available data has been employed where possible.

3.2.3 The main areas considered in the socioeconomic analysis are:

- Housing
- Economic Activity;
- Deprivation and Crime;
- Transport and Accessibility; and
- Social Infrastructure.

3.2.4 The socioeconomic characteristics of the Opportunity Area (including the Estates) are summarised and compared with Inner London and London where data availability permits. This provides a distinct profile of the Opportunity Area in the context of these wider areas.

3.3 Economic Conditions

Population

3.3.1 The Estates population was reported to be c.1,940 in 2015¹⁶ indicating a densely populated area with 138 persons per hectare (the Inner London average is 101 persons per hectare)¹⁷. The population of the Opportunity Area (approximately 3,750) has an even higher density of 165 pph.

3.3.2 Those of working age account for 69% of the Estates population, nearly 10% below that seen across the Opportunity Area (75%) and 8% below the Inner London average (73%). However, the working age population for both the Estates and the Opportunity Area are significantly above the national average (63%).¹⁸

¹⁵ Where Census 2011 data is used, it should be noted that estimates for the Estates and the Opportunity Area were based on the boundaries of the Lower Super Output Areas (LSOAs) which are not necessarily the same as the boundaries of the Estates and the Opportunity Area.

¹⁶ ONS Mid –year estimates 2015

¹⁷ How London Compares, Savills, 2015.

¹⁸ ONS, 2016.

Economic Activity

- 3.3.3 Economic activity describes those of working age (16-74) either in employment or unemployed but seeking work. Estimates based on the latest Census indicate that economic activity in the Estates (66%) is below that of the Opportunity Area (71%) and Inner London (73%)¹⁹.
- 3.3.4 The Opportunity Area's sector employment profile is generally reflective of London trends with professional, scientific and technical activities the single most important jobs sector. **Table 3-1** below highlights those sectors where there are significant differences (2 percentage points) between the employment profiles of the Opportunity Area, the Estates and London.

Table 3-1. Employment profile

Resident industry of employment	Opportunity Area		Estates		London (000s)	
	Count	%	Count	%	Count	%
Construction	78	4.1%	39	4.7%	321.5	7.8%
Wholesale and retail; repair of motor cycles and vehicles	200	10.6%	101	12.3%	519.1	12.6%
Transport and storage	81	4.3%	47	5.7%	188.1	4.6%
Accommodation and food service activities	171	9.1%	84	10.2%	267.8	6.5%
Information and communication	115	6.1%	41	5.0%	262.4	6.4%
Financial and insurance activities	211	11.2%	47	5.7%	300.4	7.3%
Professional, scientific and technical activities	309	16.4%	98	11.9%	502.8	12.2%
Administrative and support service activities	97	5.1%	54	6.6%	239.8	5.8%
Education	137	7.3%	70	8.5%	392.6	9.5%
Human health and social work activities	177	9.4%	103	12.5%	429.5	10.4%

- 3.3.5 Relative to the Opportunity Area and Inner London, a larger proportion of the Estates population is engaged in lower skilled occupations, such as clerical and manual jobs (9%, 8% and 11% respectively). The Estates also have a significantly lower proportion of employment in professional, managerial or associate occupations (47%) compared with the Opportunity Area and Inner London (both 58%). **Table 3-2** highlights where there are significant differences (2 percentage points) between the occupational profiles in the Opportunity Area (and the Estates) and Inner London.

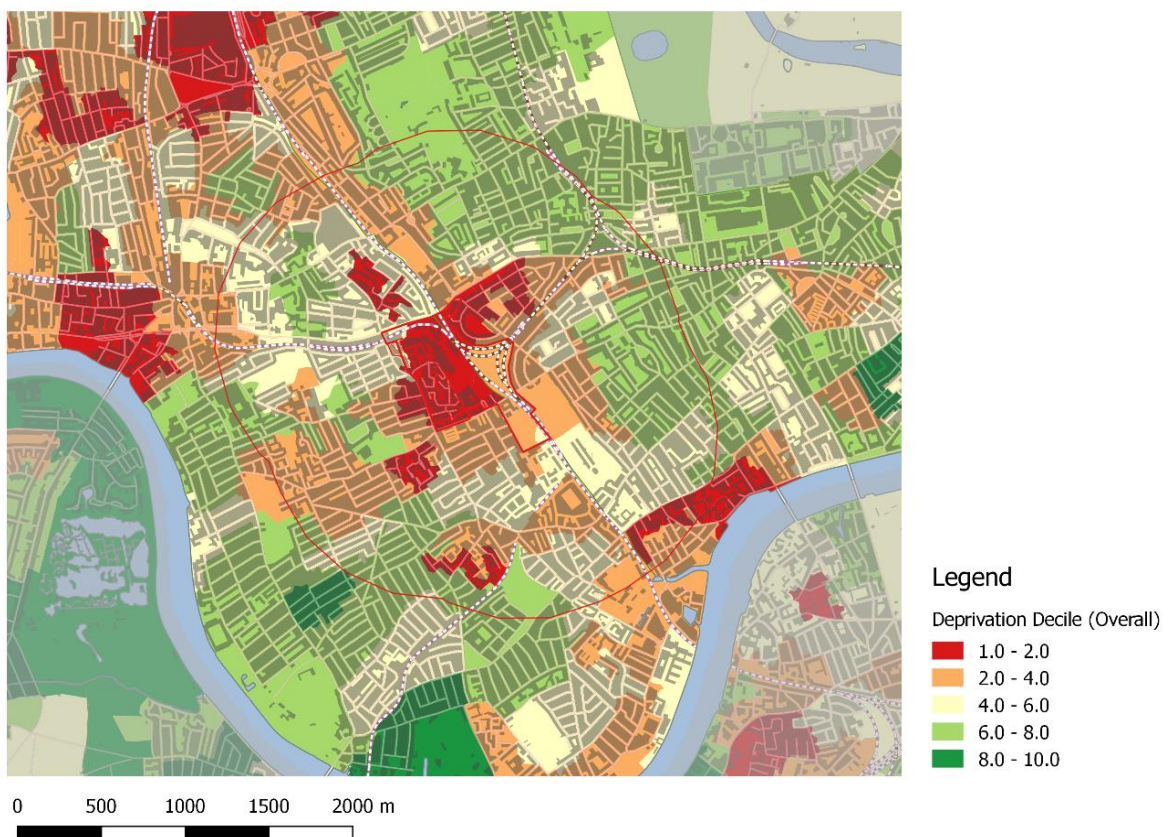
Table 3-2. Occupational profile

Occupation	Opportunity Area	Estates	Inner London
Managers, directors and senior officials	14%	9%	12%
Professional occupations	24%	21%	26%
Associate professional and technical occupations	20%	17%	20%
Administrative and secretarial occupations	10%	11%	10%

¹⁹ ONS, 2016.

Occupation	Opportunity Area	Estates	Inner London
Skilled trades occupations	5%	7%	6%
Caring, leisure and other service occupations	8%	10%	7%
Sales and customer service occupations	7%	9%	7%
Process, plant and machine operatives	4%	5%	3%
Elementary occupations	8%	11%	9%

Deprivation



3.3.6 Contains Ordnance Survey data © Crown copyright and database right 2017.

3.3.7 Figure 3-1 below, the majority of the Opportunity Area is within the 20% most deprived areas in England.²⁰ Based on the most recent Index of Multiple Deprivation, the Opportunity Area is particularly deprived in terms of employment, income, health, crime and living environment, ranking in the top 10-20% most deprived areas in the country across these indicators²¹. Health deprivation is further illustrated according to a Local Health profile²² for the Opportunity Area, which indicates that later child obesity²³, morbidity at certain ages²⁴, male life expectancy and

²⁰ IMD (2015).

²¹ Index of Multiple Deprivation, DCLG, 2015.

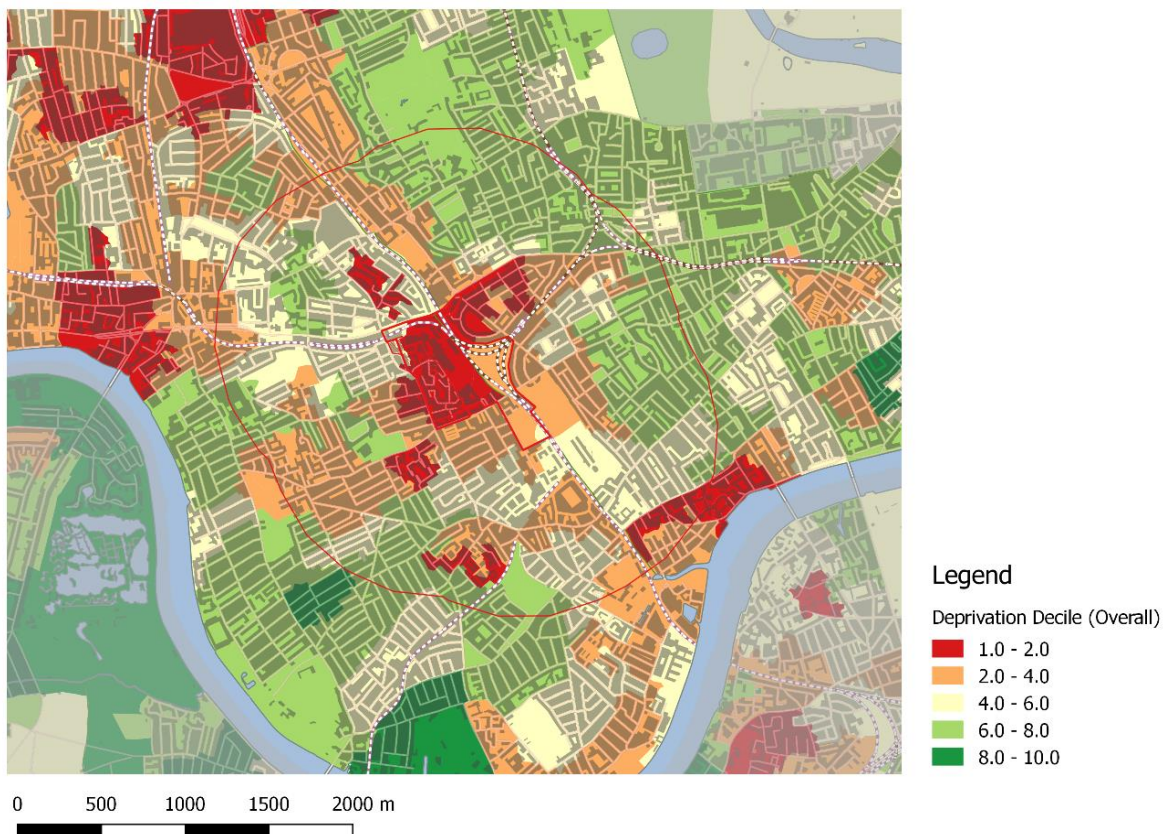
²² Local Health, Public Health England, 2016.

²³ At the age of 6 and older.

²⁴ At the age of 75.

the proportion of people with “very bad” health is significantly worse than the English average. A profile of local services aiming to address these inequalities is provided in 3.4.6.

- 3.3.8 According to Police UK, the Opportunity Area’s crime rate is 21.7 crimes per 1,000 population²⁵, significantly higher than the London average (11.3 per 1,000 population).
- 3.3.9 Consistent with the contrast in occupational profile between the Estates, the Opportunity Area and Inner London, significant variations in income are also evident. Greater London Authority median household earnings estimates for 2012/2013 show the Estates average was approximately £31,850 per household per annum. This was 15% lower than seen in the Opportunity Area (£37,344 per household) and 19% lower than seen in London (£39,120 per household).
- 3.3.10 At the Estates level, the proportion of Job Seekers Allowance claimants is 3.0%, below that in the Opportunity Area (3.3%) but significantly higher than London (1.3%) and national levels (1.1%).
- 3.3.11 According to 2011 Census data, a large proportion of households within the Estates²⁶ (18%) live in overcrowded accommodation across a range of tenures²⁷, more than four times the level seen across England as a whole (4%).



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²⁵ data.police.uk, 2017.

²⁶ Based on 2011 Census. Approximated by LSOA.

²⁷ Overcrowded households are those that have one or two less bedrooms than required by their needs.

Figure 3-1. Opportunity Area's IMD in context

3.4 Social Conditions

Public Transport Accessibility

- 3.4.1 The Public Transport Availability Level (PTAL) measures accessibility to public transport infrastructure such as bus stops²⁸ and rail points²⁹.
- 3.4.2 The average PTAL score for the Opportunity Area is 5³⁰, reflecting its close proximity to bus, tube and rail halts and infrastructure.
- 3.4.3 However, the Earls Court and West Kensington Opportunity Area Joint Supplementary Planning Document notes that clear physical barriers to sustainable transport remain. Rail lines, such as the West London Line, form a physical barrier to east-west movement and the A4 (to the south of the Opportunity Area) impedes north-south pedestrian access. Moreover, the system of one-way local roads causes inconvenience for cyclists. There is a similar disruption for pedestrians in that access to crossings is inconvenient.

Open Space

- 3.4.4 Based on the Greenspace Information for Greater London, 74 % of households in the wards³¹ comprising the Opportunity area have “good” access to nature³². This is above LBHF levels but consistent with the London average.
- 3.4.5 However, the area south of the Opportunity Area was recognised by the Parks and Open Spaces audit (2008) as “deficient” in open space provision. At the time of the audit, play provision was also considered to be limited to the west of the Opportunity Area, with varying degrees of quality and accessibility.

Health Facilities

- 3.4.6 There are three dentists and 11 GP practices within 500m of the Opportunity Area. NHS figures show that most of the practices have high existing user ratings (an average of 76% of patients responding that they would recommend the practice to others)³³. All are accepting new patients. Though there is good provision of health facilities in the vicinity of the Opportunity Area, health deprivation is relatively high (as stated in 3.3.86 above).

Education

- 3.4.7 There is only one school in the Opportunity Area – the Gibbs Green primary school which is presently in use as the Fulham Boys School³⁴.

²⁸ There are 26 bus stops within 100m of the Opportunity Area boundary.

²⁹ There is access to the following underground and overground rail stations within 100m of the Opportunity Area boundary: West Kensington, West Brompton, Kensington (Olympia), Fulham Broadway, Barons Court, Earls Court.

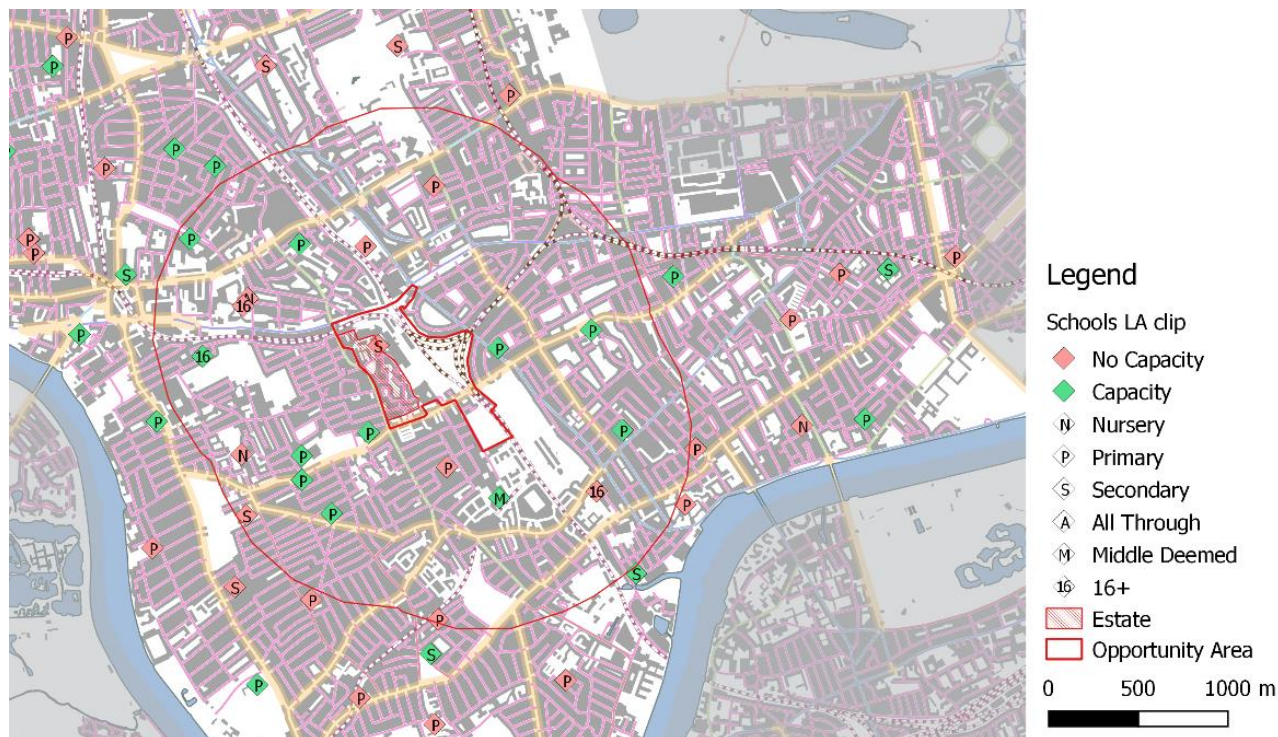
³⁰ PTAL scores range from zero to six, where the highest value represents the best connectivity to public transport services.

³¹ The wards are Fulham Broadway, North End, and Earls Court.

³² The data source does not include a formal definition a ‘good’ access to nature

³³ Information was gathered through the NHS Choices website.

³⁴ Free secondary school for boys.



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Figure 3-2. Education facilities around the Opportunity Area

3.4.8 The nearest education facilities to the Estates include:

- Bayonne Nursery School, ages 2-5, (1 km, northwest);
- Fulham Primary School, ages 3-11 (83% capacity, 250m south); and
- Fulham Boys School, ages 12-16 (boys), (2 km, west) (26% capacity, onsite).

Commercial Profile

3.4.9 The density and number of retail and commercial units in and around the Opportunity Area generally reflects broader borough-wide provision. A large proportion of the LBHF supermarkets, restaurants and hotels within 2km of the Estates, in part reflecting the historic popularity of the Earls Court Exhibition Centres.

Leisure

3.4.10 There are several community and leisure outlets within 500m of the area, namely two cinemas, a gym, library (Avonmore Library), marketplace (Union Market), a hall (Chelsea Old Town Hall), an Arts Centre (Bharatiya Vidya Bhavan), the Earls Court YMCA, and community centre (Minaret Community Centre).

3.5 Summary

3.5.1 The socio economic baseline of the Opportunity Area (which includes the Estates) identifies several areas for improvement which regeneration of the area seeks to address, namely:

- Lower economic activity levels compared to Inner London;

- High levels of deprivation in terms of employment, income, health, crime and living environment;
- Higher levels of unemployment compared to Inner London;
- Relatively low levels of income compared to London;
- Significantly higher levels of crime when compared with the London average;
- High overcrowding;
- Need for improvements to cycle and pedestrian accessibility; and
- Need for cultural/ leisure/ community facilities within the Opportunity area.

4 Provision of housing services

- 4.1.1 The Statutory Guidance on Regulation 13 of the Housing (Right to Transfer from a Local Authority Landlord) (England) 2013 Regulations states that, having accepted a tenant group's proposal for stock transfer, a local authority can apply at any time to the Secretary of State for a determination on the grounds that "*the proposed transfer will have **a significant detrimental effect on the provision of housing services in the area of the authority** or regeneration of the area*"³⁵.
- 4.1.2 When discussing the process for the Secretary of State's determination, the Guidance makes clear that the Secretary of State's discretion is not fettered as to what would constitute 'significantly detrimental'. Although the Statutory Guidance states that "*this could include proposals which would lead to a negative impact on the Housing Revenue Account or where the loss of stock would lead to significant loss of economies of scale in provision of services*"³⁶. It further adds that "*The Secretary of State will not consider a determination notice where the local authority simply objects to the transfer in principle. Nor will he consider one where the local authority believes that the outcome of transfer is detrimental to the tenants in stock being transferred. An authority can object only where it can show clear evidence of a significant detrimental effect on the local authority's ability to provide housing or other services in the wider authority area or on the regeneration of the area*"³⁷.
- 4.1.3 This section begins with an overview of the criteria for evaluating potential impacts on the provision of housing services in LBHF's borough-wide area. It then summarises evidence presented by LBHF/Capco and WKGCH in their submissions to the Secretary of State³⁸. The evidence is assessed against the criteria. Conclusions regarding potential effects on provision of housing services are then drawn.

4.2 Criteria for evaluation

- 4.2.1 The criteria used to assess the potential impacts of Estates stock transfer on provision of housing services are based on key policy documents and regulations presently in force.
- 4.2.2 Under the Local Government and Housing Act 1989, "*A local housing authority is required to keep a separate Housing Revenue Account to reflect the rents and associated costs of local authority tenants. Budget for HRA cannot be approved in a debit position, i.e. all expenses (maintenance/repairs, and financing/repayment of debt) need to be financed*". The Housing Revenue Account (HRA) was thus established to ensure that rents paid by council tenants reflect the costs of associated housing services. In other words, under the statutory requirements, Council Tax payers cannot subsidise council rents and vice versa.
- 4.2.3 In relation to stock transfers, the Housing Transfer Manual states "*the local authority is responsible for assessing the effect of transfer on its wider position and activities, and specifically... (iv) for partial transfers, the continuing viability of its Housing Revenue Account Business Plan for the retained stock*"³⁹.

³⁵ Paragraph 25, the Statutory Guidance, the Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations, 2013. Emphasis added for the report.

³⁶ Paragraph 69, the Statutory Guidance, the Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations, 2013.

³⁷ Paragraph 70, the Statutory Guidance, the Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations, 2013.

³⁸ This includes LBHF Treasury Management Strategy 2015-16, LBHF Strategic Housing Stock Options Appraisal 2015, Financial Plan for Council Homes: the Housing Revenue Account Financial Strategy 2016, and LBHF Four Year Capital Requirement Programme 2016/17 to 2019/20.

³⁹ Paragraph 3.24, Housing Transfer Manual, DCLG, July 2014.

- 4.2.4 Reflecting the above, the criteria for evaluation focus on two aspects of the HRA, namely the Council's ability: to maintain and repair its remaining stock; and finance debt associated with the remaining stock.
- 4.2.5 Estates stock transfer will have a number of impacts on the HRA:
- Revenue impact: reduced income from rent and service charges reflecting removal of 531 housing units from LBHF's housing stock.
 - Expenditure impact: reduced repair and maintenance expenditure that would have been spent on the Estates' stock.
 - Capital receipts: should Estates stock transfer proceed, it will be self-financing and LBHF would receive a capital receipt from the new social landlord. If Estates stock transfer does not go ahead (i.e. the Estates form part of the ECP Masterplan), LBHF continues to receive £15m yearly instalments from Capco (following the terms of the Conditional Land Sale Agreement) until 2019/20.
- 4.2.6 For the purpose of this report, analysis of the impacts on provision of housing services relates to the Council's *remaining* stock. It does not concern stock which may be subject to the Estates stock transfer. Assuming its application progresses, the viability of WKGGCH's proposed transfer will be examined during the feasibility study stage of the transfer process. This will be the next stage should the Secretary of State decide it should proceed⁴⁰. Thus the viability of WKGGCH's proposed transfer should not form part of the Secretary of State's decision in relation to LBHF's determination request, and it is hence outside the scope of this exercise.

4.3 Impact assessment

Revenue impact

- 4.3.1 In the evidence submitted to the Secretary of State, neither LBHF/Capco nor WKGGCH make reference to the impact on Council revenues were rents and service charges received from Council tenants on the Estates removed from the Council's revenue stream.
- 4.3.2 In 2015/16, the average number of LBHF's social housing stock was 12,376 units.⁴¹ If Estates stock transfer proceeds, 531 units will be transferred from Council ownership to the new housing landlord. This is equivalent to a 4% decrease in the Council's housing stock and implies a proportionately small reduction in rents and service charges. The resulting revenue impact is unlikely to lead to a significant detrimental impact on the Council's ability to provide housing services to the remaining of its stock.

Expenditure impact

- 4.3.3 In the evidence submitted to the Secretary of State, neither LBHF/Capco nor WKGGCH make direct reference to the potential impact on the Council's repairs and maintenance expenditure were the Estates removed from Council ownership.
- 4.3.4 However, in their submission on 23rd October 2015, WKGGCH state that over the past fifteen years there had been £20m worth of investment into the Estates to upgrade them to Decent Homes standard including new kitchens and bathrooms, new roofs, new front doors, etc⁴². This implies that the Estates are currently in good condition, consistent with the general condition of

⁴⁰ Regulation 14, the Statutory Guidance, the Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations, 2013.

⁴¹ Statement of Accounts, LBHF, 2015/16

⁴² As per WKGGCH submission to the Secretary of State on 23 October 2015.

the Council's housing stock as concluded in the Stock Options Appraisal⁴³. Thus the associated repair and maintenance costs are unlikely to have a significant impact on the total repair and maintenance expenditure of the Council.

Capital receipts

- 4.3.5 The LBHF's HRA Business Plan (the Business Plan) sets out the authority's budgeted income and expenditure on its housing stock, reflecting the direction and priorities of how the stock will be managed over the next 40 years. In January 2015, the Business Plan was agreed. It recommended an increase in social rents to cover the anticipated cost of repairs and maintenance. The Business Plan was then updated in February 2016⁴⁴ to reflect the decision by the Chancellor of the Exchequer to reduce social rents by 1% annually in the four years from April 2016 which resulted in a £76m shortfall over the next nine years⁴⁵. The Business Plan states that additional borrowing would be required to cover the cost of planned repairs and maintenance. However, the required level of additional borrowing is above the existing debt cap of £255m based on the debt level of £192.3m as at 1st April 2016. The HRA Business Plan identifies fluctuations in the income and costs associated with the Conditional Land Sale Agreement as financial risks to the viability of the Business Plan.
- 4.3.6 The LBHF Treasury Management Strategy 2015-16 states that "for the period 2015-19 the Housing programme will be borrowing against internal resources. This is principally achieved through the use of monies received in respect of the Earls Court project⁴⁶. Use of this money is classed as borrowing as although cash is to be received from the developer on a constant and phased basis, the receipt is only deemed usable for funding purposes as land transfers to the purchaser". This Strategy further adds that "the current Housing Revenue Account borrowing requirement is therefore very sensitive to anything which might change the pattern of the receipts from the Earls Court programme ... or in any way further restrict the use of these receipts..."⁴⁷.
- 4.3.7 If the Estates stock transfer goes ahead, there will be a number of impacts:
- Impact 1: Capital receipts from the Conditional Land Sale Agreement will cease and those received for land not transferred repaid. The financial arrangements in the Conditional Land Sale Agreement provide for a £15m payment for exclusive negotiation (non-refundable) and a £15m payment for Gibbs Green School and Farm Lane made in 2013. There is also a provision for five annual £15m payments (the first of which was made in December 2015). It is not clear whether the payment for Gibbs Green School would need to be repaid, however £75m of the anticipated receipts would be, were Estates stock transfer to go ahead.⁴⁸ Based on LBHF's Four Year Capital Requirement Programme 2016/17 to 2019/20 (see Appendix C), capital receipts from the Conditional Land Sale Agreement for the next four years (£60m) account for 29% of total capital financing. However, if the Estates Stock Transfer goes ahead then the costs associated with the Earls Court Project would be removed from the Council's expenditure list. Based on LBHF's Four Year Capital Requirement Programme 2016/17 to 2019/20, Earls Court Buy Back Costs (£65m)⁴⁹ and Earls Court Project Team Costs (£18m) account for 40% of the total capital expenditure, it is therefore, not clear how LBHF's Housing Programme relies on the capital receipts from

⁴³ Strategic Housing Stock Options Appraisal, LBHF, 2015. This strategic housing stock options appraisal examined the condition of Council's housing stock, and the long term future housing investment needed to improve and maintain the stock. West Kensington and Gibbs Green Estates were removed from this stock appraisal because they were considered to be part of the ECP Masterplan.

⁴⁴ Financial Plan for Council Homes: the Housing Revenue Account Financial Strategy, LBHF, February 2016.

⁴⁵ LBHF submission to the Secretary of State on 1 July 2016.

⁴⁶ This is referring to the capital receipts from the Conditional Land Sale Agreement.

⁴⁷ Paragraph 11.1, The Treasury Management Strategy Report, LBHF, February 2015.

⁴⁸ It is not clear what the repayment plan would be and whether the Council could be able to afford to repay the receipts that it already used for internal borrowing purposes.

⁴⁹ This refers to the buy back of 171 leasehold and freehold properties at the Estates.

the Conditional Land Sale Agreement. This argument was clearly articulated in the WKGCH submission on 23rd October 2015.

- Impact 2: Capital receipt from the new social landlord to LBHF for the sale of the WKG 531 housing units transferred. In its submissions, WKGCH asserts that this should be a net receipt. However, the value of this capital receipt is uncertain at this stage as it will depend on the valuation of the stock and the level of debt attached to the transferring stock. It will also depend on the scale of any payment in respect of higher value assets as part of the transfer (should stock transfer proceed, these factors will be among those considered in a subsequent feasibility study).

Higher Value Assets

- 4.3.8 Provisions in Part 4 of the Housing and Planning Act 2016 (c.22) require local housing authorities in England to make a payment to the Secretary of State in respect of their higher value housing that is expected to become vacant each financial year (sections 69-75) (“HVA payments”). This is subject to implementation through regulations and the Secretary of State issuing a determination setting out the HVA payments to be made and the basis on which the payments have been calculated.
- 4.3.9 Sections 70 and 77 of the Act refer to the disposal of local authority housing to a private registered provider (i.e. a housing association). There are two circumstances in which these provisions will apply. First, in determining the amount of any HVA payments, these provisions include a discretionary power for the Secretary of State to continue to take into account housing which has been transferred to a private registered provider. In light of this discretionary power, which we anticipate will be used, we would expect that local authorities will want to consider the potential implications that the proposed transfer may have for meeting any payments that it may be required to make in respect of its higher value vacant homes. Second, amendments have been made to the Housing Act 1985 to add to the list of matters which the Secretary of State may have regard to when considering whether to give consent to a local authority wishing to dispose of housing under that Act. The effect is that if disposal of the housing by the local authority to another person or body since the Act came into force could result in a reduced HVA payment to the Secretary of State, the Secretary of State may choose to take this, amongst other factors, into account when deciding whether or not to give consent to the disposal.
- 4.3.10 Subject to Parliamentary approval of the necessary regulations and the issuing of a determination to local authorities specifying their payments in respect of higher value vacant housing, under the first circumstance identified above, the Estates stock transfer could impact on the properties that LBHF has at its disposal to enable it to make its HVA payment. Consequently, there could be an impact on LBHF’s housing services arising from the local authority’s higher value vacant housing payment. However, until further details about HVA are finalised and published, it is not possible to quantify the scale of this impact.

Conclusion

- 4.3.11 Based on the evidence available, there is insufficient ground to conclude that the Estates stock transfer will have a significant detrimental impact on the Council’s ability to provide housing services for its remaining housing stock.
- 4.3.12 There has been no evidence submitted by either LBHF/Capco and WKGCH to suggest that Estates stock transfer will have a detrimental impact on the HRA’s revenue stream, i.e. the loss of income from rent and service charges currently collected from the Estates is unlikely to be sufficient to cause significant detriment to the provision of housing services for the remaining stock.
- 4.3.13 Capital receipts from Conditional Land Sale Agreement are made on a yearly basis from December 2015 until December 2019 in £15m instalments. Based on LBHF’s Four Year Capital Requirement Programme 2016/17 to 2019/20 they account for 29% of the total capital funding.

However, were Earls Court Project costs also removed from the Council's Housing Programme there would be a 40% reduction in total expenditure planned for 2016/17 to 2019/20. Thus, the removal of capital receipts from the Conditional Land Sale Agreement is unlikely to cause significant detrimental effect on the Council's ability to provide housing services for its remaining stock.

5 Regeneration of the area

- 5.1.1 The Statutory Guidance on Regulation 13 of the Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations states that, having accepted a tenant group's proposal for stock transfer, a local authority can apply at any time to the Secretary of State for a determination on the grounds that "*the proposed transfer will have **a significant detrimental effect on the provision of housing services in the area of the authority or regeneration of the area***"⁵⁰.
- 5.1.2 This section examines the nature and scale of potential detrimental effects of the proposed stock transfer on regeneration of the area.

5.2 Concrete progress of the regeneration scheme

- 5.2.1 The Statutory Guidance suggests that "*when looking at the impact on regeneration the Secretary of State is likely to require evidence of concrete progress of the regeneration scheme (e.g. it should be more than a long-term aspiration)*"⁵¹.
- 5.2.2 As previously, the Statutory Guidance, whilst providing guidance, does not fetter the Secretary of State's decision as to what would constitute "concrete progress" for a regeneration scheme. However, typical steps for a regeneration scheme would involve (not necessarily in the order presented):
- Consultation with local stakeholders throughout the development and delivery of a regeneration scheme.
 - Submission of outline planning applications followed by detailed applications for the dismissal of reserved matters. Submission of full planning applications would also be a normal feature.
 - Assembly of land, including purchase of development land, demolition of prevailing buildings on the site.
 - Delivery of the regeneration scheme plans constituted by construction activity, marketing and sale of planned residential and business floor space to future occupants, and ultimately certificates of completion.
- 5.2.3 The timeline below indicates the stages completed to date in the regeneration of the Opportunity Area⁵²:
- 23 January 2013: LBHF agrees Conditional Land Sale Agreement with Capco for the sale of the Estates.
 - 18 April 2013: Secretary of State consent to disposal of Estates land and property.
 - 14 November 2013: Capco exercise trigger notice for the Estates to be sold (transfer of vacated land on a phased basis linked to Capco provision of replacement homes).

⁵⁰ Paragraph 25, the Statutory Guidance, the Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations, 2013. Emphasis added for the report.

⁵¹ Paragraph 69, the Statutory Guidance, the Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations, 2013.

⁵² Based on the evidence provided by LBHF/Capco to the Secretary of State and publically available information about the progress of the regeneration of the Opportunity Area.

- 30 May 2013: Capco acquires full ownership of the Empress State Building.
- 28 March 2014: Capco and Transport for London establish joint venture for Earls Court Exhibition Centres redevelopment.
- 3 October 2014: work begins on Seagrave Road car park/Lillie Square site⁵³. Most of the Phase 1 apartments at Lillie Square have been sold⁵⁴, and marketing of Phase 2 started on 10 September 2015.⁵⁵
- 31 December 2015: Capco paid first of five yearly £15m instalments to LBHF towards £105m sale of the Estates⁵⁶.
- March 2015: demolition of Earls Court Exhibition Centres started.
- 9 May 2016: Capco opens The New Homes Space, enabling Estate residents to see the type of replacement homes available.
- 13 May 2016⁵⁷: LBHF approved the details of Phases 2 and 4 of the Seagrave Road development. All 200 units of the affordable housing⁵⁸ are planned for Building D under Phase 4 of the development.
- July 2016⁵⁹: construction of Lillie Square development continues (some residents anticipated to move by end 2016)⁶⁰. No publically available completion certificates were available. However, at the time of writing this report (January and February 2017), various estate agencies were advertising apartments at Seagrave Road/Lillie Square with completion date Q4 2016 through to 2018.
- December 2016: Earl Court Exhibition Centre demolition to ground level completed. Further demolition to basement level will take place in 2017.
- January 2017: RBKC granted detailed planning permission for the Exhibition Square⁶¹.

5.2.4 The Estate Regeneration National Strategy sets out Government expectations of resident engagement throughout an estate regeneration scheme. These include early and ongoing engagement; a clear statement of how the regeneration process will work and what housing options will be available to residents; a phased approach to regeneration to minimise disruption to residents; and opportunities for estate residents and the wider community to engage in the development of the regeneration scheme.

⁵³ Rehousing of residents from the Estates is planned in six phases over a period of 10 years. 151 homes from the Estates will be in the first phase with residents moving to Seagrave Road, Mund Street, Lillie Road or Farm Lane. As per the conditions of the Conditional Land Sale Agreement, the transfer of the Estates from LBHF to Capco will be done in phases consistent with the building of replacement homes.

⁵⁴ According to the evidence submitted by LBHF to the Secretary of State on 25th September 2015.

⁵⁵ According to the ECP Masterplan, Seagrave Road/Lillie Square is expected to be completed in phases from 2015-2018.

⁵⁶ £15m were paid by Capco in 2011 for the Exclusivity Agreement with the Council and further £15m for the Gibbs Green School and 11 Farm Lane in 2013 when the Conditional Land Sale Agreement was exchanged.

⁵⁷ As per LBHF Letter approving the details of phases 2 and 4 of the Seagrave Road development. Dated 13 May 2016.

⁵⁸ In the event that the Estates are not part of the ECP Masterplan, the 200 affordable housing units would be provided as intermediate housing.

⁵⁹ There is no publically available information to add to the progress of the regeneration beyond the last submission by LBHF/Capco in July 2016.

⁶⁰ According to the evidence submitted by LBHF to the Secretary of State on 1st July 2016.

⁶¹ This covers the area previously occupied by the Earls Court Exhibition Centres.

- 5.2.5 Evidence submitted by WKG GCH and LBHF/Capco shows that both parties have engaged with residents of the Opportunity Area on a continuous basis:
- Capco organised a placemaking exhibition in July 2010 to gather views on the future potential of the Opportunity Area. This was followed by further public exhibitions of the ECP Masterplan concept (November 2010), the ECP Masterplan (March 2011 and June 2011) and a phasing exhibition for Estates residents (July 2013).
 - LBHF has also engaged with Estates residents through newsletter updates on the rehousing options and timescales. It also set up a Task Force (set up in 2015) to negotiate community benefits package on behalf of Estates residents.
 - WKG GCH on the other hand, has been engaging with the Estates tenants to support the transfer proposal (general meeting held in March 2015) and develop alternative proposals (working with ASH from October 2015 to May 2016).
- 5.2.6 In its submissions to the Secretary of State on 23rd October 2015 and 1st July 2016, WKG GCH argues that the ECP Masterplan has been on hold since 2014 with “LBHF attempting to negotiate a different scheme with Capco”. WKG GCH submitted redacted Greater London Authority’s emails⁶² regarding meetings with Capco, LBHF and TFL to discuss the Earls Court Masterplan and related notes of meetings between LBHF and Capco. WKG GCH maintains this indicates the original ECP Masterplan was subject to change. However, the exchanges are high level and provide no detail of the scale and nature of change. The outcome of the meetings referenced is not recorded.
- 5.2.7 Adjustments of varying scale to masterplan proposals are commonplace in delivering large scale regeneration projects. Most masterplans anticipate this by accommodating a degree of flexibility to enable a policy consistent response to changes in market conditions, funding arrangements and other factors.
- 5.2.8 No further evidence of a lack of a progress is provided either by LBHF/Capco or WKG GCH in their submissions. This is reinforced by continuing regeneration activity post submission and the absence of publically available information suggesting regeneration has halted.
- 5.2.9 On this basis, it is considered there is insufficient evidence to demonstrate a lack of concrete progress in regeneration delivery.
- 5.2.10 WKG GCH also notes that the progress observed so far (as described above) is not related to the Estates. It should be noted that the ECP Masterplan envisages regeneration of the Estates as a phased process with Phase 1 starting when replacement homes in Seagrave Road, Mund Street, Lillie Road or Farm Lane are ready. Construction works are presently underway at the Seagrave Road site; thus it would be premature to claim that no progress has been made in the Estates regeneration. As regeneration impacts are assessed on the ECP masterplan area, consideration of Estates-only effects restricts the conclusion to the Estates themselves. The stock transfer application has in itself acted as a brake on related activity in this specific area.
- 5.2.11 From the evidence submitted by LBHF/Capco and WKG GCH, and other publically available information, it appears that regeneration in the Opportunity Area is progressing. The planning permissions obtained, instalments made towards the land purchase, and progress made with demolition/construction support the conclusion that the ECP Masterplan is making concrete progress.

⁶² WKG GCH supplied a FOI request on 3 December 2015, requesting access to the GLA documentation relating to potential changes to the ECP Masterplan covering the period from September 2014 to December 2015.

5.3 Detrimental effects on the regeneration of the area

5.3.1 The Statutory Guidance refers to potential detrimental effects on the regeneration of the area as “issues around the loss of land and property reducing the value to developers and making the process unviable as well as impacts on employment and the local economy”⁶³. This report does not examine the viability of the ECP Masterplan if the Estates stock transfer goes ahead⁶⁴. It focuses on the potential impacts the Estates stock transfer might have on housing, employment, local economy, community facilities, transport, living environment of the Opportunity Area. For the purposes of impact assessment, it has been assumed that were the Estates stock transfer to proceed, the regeneration outside the Estates would progress independently consistent with the quantities indicated in the existing ECP Masterplan⁶⁵.

5.3.2 The following approach has been adopted in assessing the potential impacts of the Estates stock transfer on the Opportunity Area’s regeneration:

- Phase 1: Preparation of a logic model. The logic model was built based on the policy context, socioeconomic baseline, and the evidence provided by LBHF/Capco in their submissions to the Secretary of State. It establishes the strategic needs of the Opportunity Area and draws links with the ECP Masterplan deliverables and how it aims to address them.
- Phase 2: Development of Assessment Criteria. This was developed based on the relevant policy principles and objectives, as well as the evidence submitted by LBHF/Capco and WKGCH to the Secretary of State. It identifies key indicators that will be assessed as part of the economic and non-economic impacts assessment.
- Phase 3a: Assessment of economic (quantitative) impacts. Economics impact model was built based on the evidence provided by LBHF/Capco and WKGCH to the Secretary of State. The model assesses impacts on the Opportunity Area indicators if the Estates stock transfer goes ahead.
- Phase 3b: Assessment of non-economic (qualitative) impacts. This is a qualitative impact assessment focusing on the impacts of the Estates stock transfer on the provision of community facilities, transport infrastructure and living environment of the Opportunity Area.
- Phase 4: Conclusions. Based on the findings of Phases 3a and 3b, conclusions will be drawn about the likely impacts of the Estates stock transfer on the regeneration of the Opportunity Area.

⁶³ Paragraph 69, the Statutory Guidance, the Housing (Right to Transfer from a Local Authority Landlord) (England) Regulations, 2013.

⁶⁴ At the Inception meeting on 15th December 2016, it was agreed with the project steering group that the viability of the ECP Masterplan is outside the scope of this socioeconomic evaluation.

⁶⁵ Based on the findings of impact assessment, this assumption is unlikely to hold in reality given the scale of reduction in residential development if the Estates stock transfer proceeds.

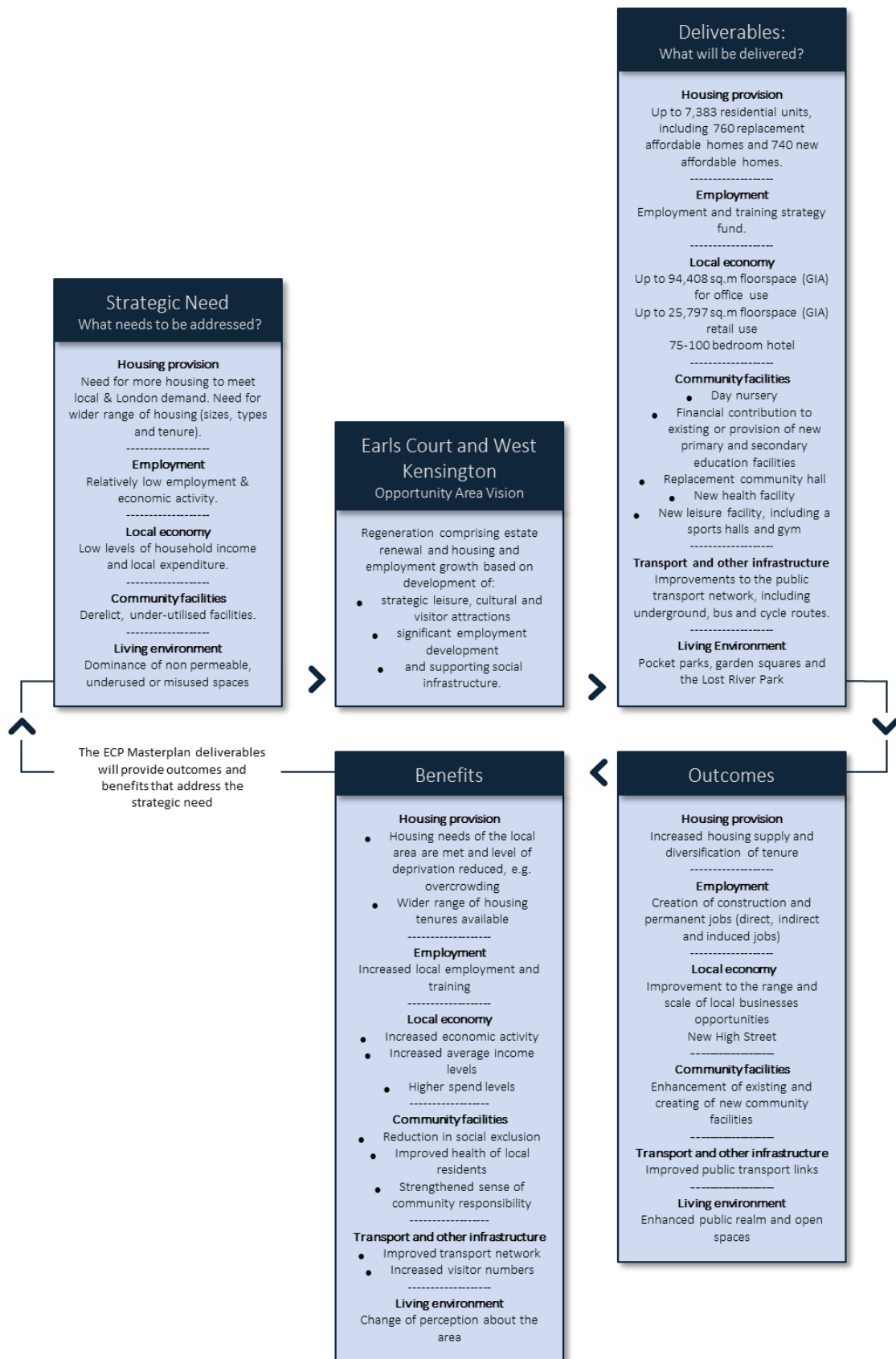


Figure 5-1. Logic model

5.4 Phase 1: Logic model

5.4.1 The regeneration of the Opportunity Area is guided by the ECP Masterplan. The logic model provides a handy graphic illustration showing the relationship between the area's strategic needs, the regeneration objectives adopted for the area, how they are translated into deliverables and the anticipated outcomes and benefits associated with them. In this case, it indicates how ECP Masterplan deliverables relate to the vision for the Opportunity Area⁶⁶ summarising ECP Masterplan outcomes and associated benefits for the area. The logic model is presented at Figure 5-1 above. It is a helpful first step in identifying the key regeneration themes and indicators, namely:

- Housing provision (including affordable housing provision);
- Employment;
- Local economy;
- Community facilities;
- Transport and other infrastructure; and
- Living environment.

5.4.2 These themes are at the core of the criteria developed to assess potential impacts of Estates stock transfer on the area's regeneration (See Section 5.5 below).

5.5 Phase 2: Criteria for evaluation

5.5.1 This section summarises the criteria for evaluation used in the regeneration impact analysis. As indicated above, draft criteria were identified from a review of: the ECP Masterplan, current planning and strategy policy context, and the evidence submitted to the Secretary of State by both LBHF/Capco and WKGGCH. This was then considered by the project steering group before being finalised. A more detailed description of the criteria for evaluation, including the relevant policy principles and objectives, is attached at Appendix B .

⁶⁶ Earls Court and West Kensington Opportunity Area vision is taken from the Mayor's London Plan (2016).

Table 5-1 Assessment criteria

Themes	Key indicators	Criteria
Housing provision	Housing supply Diversification of tenure Affordability of new houses Choice of housing types and sizes Reduction in deprivation, e.g. overcrowding. Improvement in quality of housing, both new and existing stock (qualitative) Provision of housing for existing tenants	To what extent will each scenario contribute to LBHF and London's housing growth targets? What choice of housing types and sizes will each scenario bring? To what extent will each scenario contribute to tenure diversification? How will social housing provision be affected? How is the quality of existing homes improved? To what extent will the proposed delivery of additional affordable houses be affected by the stock transfer?
Employment	Construction jobs Direct permanent jobs Indirect or induced jobs Reduction in residents claiming JSA Training opportunities Increased economic activity	How does each scenario contribute to local employment and training opportunities? To what extent will proposed financial contributions to employment and training be affected by the stock transfer?
Local economy	Reduced deprivation, e.g. increased average income levels Higher spend levels Number of visitors to the area Range and scale of local business opportunities	How will each scenario improve household income in the area? To what extent would expenditure be retained in the area under each scenario? To what extent will expected benefits to the local economy be affected by the stock transfer?
Community facilities	Social infrastructure, including health/education/leisure/cultural facilities	What will each scenario deliver in terms of community facilities? How will the proposed package of community facilities be affected by the stock transfer?
Transport and other infrastructure	Transport infrastructure, including rail/underground links, bus routes, cycle routes, roads	Will the potential for use of sustainable transport modes be affected by stock transfer? To what extent will proposed financial contributions to transport infrastructure improvement be affected by the stock transfer?
Living environment (qualitative)	Public realm Open spaces Reduction in levels of crime	How will public realm be improved under each scenario? How will the stock transfer affect proposed public realm improvements?

5.6 Phase 3a: Economic Impact Assessment

5.6.1 This section focuses on economic impacts on the regeneration of the Opportunity Area were the Estates removed from the regeneration programme (a corollary of the Estates stock transfer).

Methodology

5.6.2 An approach consistent with Government guidelines and best practice has been adopted. The methodology used to estimate impacts follows guidance set out in HM Treasury's Green Book (Green Book, 2013), the Homes & Communities Agency (HCA) Additionality Guide (Additionality Guide, 2014) and taking account of Department for Business, Energy and Industrial Strategy (BEIS) research on Additionality. The main stages of the methodology are described below:

- Firstly, the counterfactual position was developed reflecting the position where the ECP Masterplan goes ahead including the Estates, i.e. reflecting existing policy, plans and related spending commitments. This was based on comprehensive desk research (using a range of standard statistical sources) and the evidence submitted by LBHF/Capco to the Secretary of State (primarily planning permissions in the area). Potential impacts were then estimated against the key indicators as per the assessment criteria. Detail of the adopted methodology for assessing the impact on each key indicator is discussed later in this section.
- The same exercise was undertaken for the alternative scenario in which Estates stock transfer proceeds. As feasibility and viability considerations of the ECP Masterplan are outside the scope of this analysis, it is assumed that the remainder of the area is developed as per the current ECP Masterplan.
- In determining net additional impacts under each scenario, the following factors have been considered:
 - Leakage is the proportion of outputs that benefit those outside of the project's target area or group. As defined in the introduction, the target area is the Opportunity Area. However, given the relatively small scale of the area, leakage assumptions will also be applied to the LBHF area (i.e. the Borough level).
 - Displacement is the proportion of outputs accounted for by reduced outputs elsewhere in the target area.
 - Multiplier effects capture further economic activity associated with additional local income and local supplier purchases.
 - Deadweight is defined as the outputs that would have occurred without intervention. Were Estates stock transfer not to progress, it is assumed that the ECP Masterplan would be implemented.⁶⁷

Scenarios

5.6.3 The impact assessment compares scenarios to evaluate the potential impacts of Estates stock transfer on regeneration of the Opportunity Area: the first being where the ECP Masterplan proceeds including the Estates, i.e. the Estates stock transfer does not proceed (Scenario A); the second where the Estates stock transfer proceeds (Scenario B).

⁶⁷ Section 5.2 provides an overview of the concrete progress the ECP Masterplan has made to date. There is no evidence to suggest that it would not continue to plan if the Estates stock transfer did not go ahead.

Scenario A

- 5.6.4 Under this scenario, the ECP Masterplan proposals proceeds and there is no stock transfer. The deliverables under this scenario are summarised in the logic model at Figure 5-1.

Scenario B

- 5.6.5 Under this scenario the Estates stock transfer goes ahead and the regeneration of the Estates will be defined by the WKGCH vision - the People's Plan. Regeneration of the remainder of the Opportunity Area is assumed to be as indicated in the ECP Masterplan with the provision that the planned floor space for the area covered by the Estates is removed from the ECP Masterplan.
- 5.6.6 WKGCH's vision for the estates following transfer is in the early stages of development. It was informed by the feasibility study conducted by ASH between October 2015 and May 2016⁶⁸. Purpose of the study was to identify an alternative to demolition of the Estates. The following high level deliverables were identified:
- 250 new homes built on a combination of additional floors to the existing housing blocks⁶⁹ and infill land. 150 will be for market sale to finance improvements to the existing housing stock. 100 units will be affordable housing, including 70 for social rent and 30 for intermediate housing (i.e. shared ownership);
 - Improvements to the existing stock including improved insulation & ventilation, solar panels and better concierge facilities;
 - Underutilised car parking space will be redesigned as new allotments and a new community garden; and
 - A new community hall to replace existing facilities.
- 5.6.7 In terms of the ECP Masterplan excluding the Estates, the following assumptions have been made:
- Development of the land under Planning Permissions 1 and 3 (RBKC and Seagrave Road, respectively) will proceed as set out in the planning permissions.
 - Development of the land under Planning Permission 2 (LBHF) will be affected. Figure 5-2 shows broad parcels of land to be developed under Planning Permissions 1 and 2 (area covered by Planning Permission 2 is on the left of the development site). Plots that broadly correspond to the land covered by the Estates are summarised in **Table 5-2** below.

⁶⁸ Feasibility Study Report: West Kensington and Gibbs Green Estates – New Homes and Improvements without Demolition, ASH, 2016.

⁶⁹ Additional floors are proposed for Fairburn & Churchward, Lickey & Desborough, Sharnbrook, North End Road maisonettes, and 9-38 Gibbs Green.

Figure 5-2. Planned plots under Planning Permissions 1 and 2

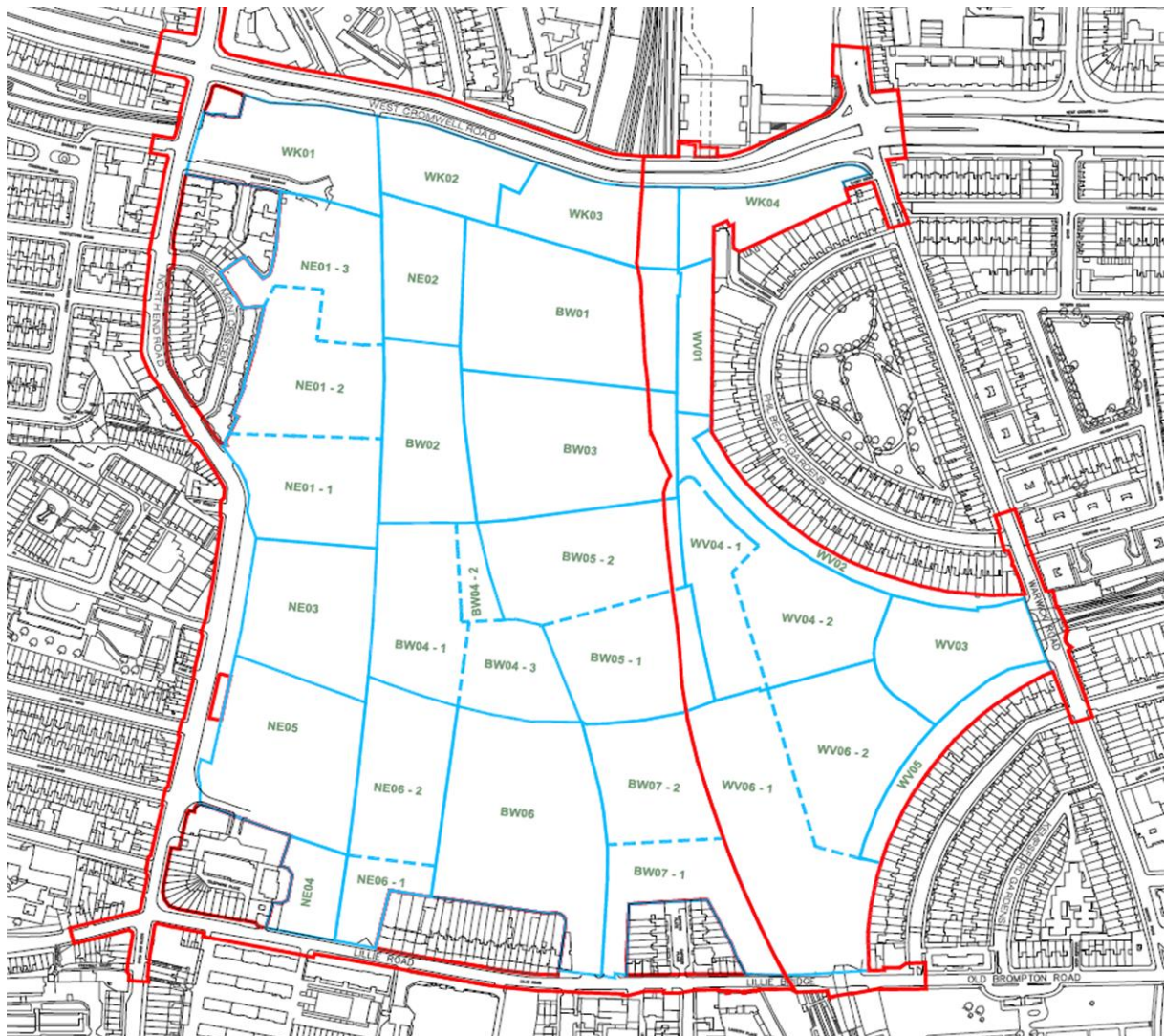


Table 5-2. Planned land use of the Estates land

Development plot	Principal use	Other uses	Maximum GIA (sqm)
NE01	Residential (C3)	Retail use (A1-A5) and/or education/health/community/culture/leisure use (D1-2)	63,174
NE02	Residential (C3)	Retail use (A1-A5) and/or education/health/community/culture/leisure use (D1-2) and/or business use (B1)	40,909
NE03	Residential (C3)	Retail use (A1-A5)	36,031
NE04	Residential (C3)		10,062
NE05	Residential (C3)	Retail use (A1-A5) and/or education/health/community/culture/leisure use (D1-2)	34,169

Development plot	Principal use	Other uses	Maximum GIA (sqm)
NE06	Residential (C3)	Retail use (A1-A5) and/or education/health/community/culture/leisure use (D1-2) and/or business use (B1)	59,266
BW02	Residential (C3)	Retail use (A1-A5)	48,190
BW04	Business use (B1) and residential (C3)	Retail use (A1-A5) and/or education/health/community/culture/leisure use (D1-2)	73,569

5.6.8 Based on Planning Permission 2, the primary use of the land covered by the Estates in the ECP Masterplan is residential. Other uses include retail, business, and education/ health/ community/ culture/ leisure uses. In the absence of a detailed planning permission it is not possible to be precise regarding the specific quantum and location of these residential and non-residential developments. However, assumptions about the apportionment of floorspace between different uses can be made. The total floorspace allocated to the Estates land is approximately 365,370 GIA sqm. It is assumed that 95% of this land is for residential use (347,102 GIA sqm), and the remaining 5% for non-residential use⁷⁰ which can be further split into 25% for retail use (4,567 GIA sqm), 25% for business use (4,567 GIA sqm), and 50% for education, health, community, culture and leisure uses (9,137 GIA sqm).

If the Estates stock transfer goes ahead, the planned development under Planning Permission 2 will necessitate revisions to the proposed balance of residential, retail, business and education/health/community/culture/leisure uses reflecting the removal of the proportion of the area covered by the Estates and the potential effects of reduced levels of local demand due to the 'loss' of anticipated additional housing in the area and related population effects. In this scenario, it is assumed that the latter will be developed in line with the People's Plan which makes references to residential, community uses and public spaces. **Table 5-3** summarises the areas of land used and related floorspace in each scenario⁷¹.

Table 5-3. Summary of scenarios

Planning Approval	Scenario A	(GIA sqm)	Scenario B	(GIA sqm)
1 (RBKC)	Residential (up to 930 houses) Business Retail Hotel & serviced apartments Education/Community/Health/ Culture/Leisure	131,422 12,672 3,295 7,123 5,854	As per scenario A.	

⁷⁰ 5% of the total floorspace allocated to the Estates land under Planning Permission 2 is approximately 18,268 GIA sqm. Currently 1,996 GIA sqm is allocated to education/health/community/culture/leisure uses which include Gibbs Green School, West Kensington Community Hall and Gibbs Green community hall. Based on the current floor space allocated to non-residential uses at the Estates, it is a reasonable assumption that 18,268 GIA sqm should be appropriate to serve the needs of the future retail, business and education/health/community/culture/leisure uses. This is also based on the assumption that non-residential land uses will be relatively small in scale, e.g. retail limited to ground floor.

⁷¹ This is based on the evidence submitted, namely Section 106; Planning Permissions 1,2, Seagrave Road; and People's Plan.

Planning Approval	Scenario A	(GIA sqm)	Scenario B	(GIA sqm)
2 (LBHF)	Residential - up to 5,845 houses	587,043	Residential - up to 3,399 houses ⁷²	334,305
	Business	81,736	Business ⁷³	77,169
	Retail	22,502	Retail ⁷⁴	17,935
	Hotel & serviced apartments	8,625	Hotel & serviced apartments	8,625
	Education/Community/Health		Education/Community/	
	/Culture/Leisure	24,858	Health/Culture/Leisure ⁷⁵	17,720
	Private hospital	10,208	Private hospital	10,208
	Lille Bridge Depot	10,840	Lille Bridge Depot	10,840
3 (LBHF)	Residential - 808 houses, incl. 200 social rent replacement units.	81,293	As per scenario A, however 200 units intended for social rent units become intermediate housing.	
	Gym	1,094		
Total	Residential	799,758		547,020
	Business	94,408		89,841
	Retail	25,797		21,230
	Hotel & serviced apartments-	15,748		15,748
	Education/Community/Health/			
	Culture/Leisure	31,806		24,668
	Private hospital	10,208		10,208
Lille Bridge Depot	10,840	10,840		

Impact assessment

Housing supply

- 5.6.9 In determining the quantity of residential units to be delivered in the Opportunity Area under each scenario, information has been drawn from planning permissions in the area and the evidence submitted by WKGGCH and LBHF/Capco. It is estimated that 7,583 residential units will be provided under Scenario A compared to 5,137 residential units under Scenario B⁷⁶. These figures include 760 existing units in the Estates which will be replaced with new homes under Scenario A but will remain as they currently are⁷⁷ under Scenario B.

⁷² This is based on the planned floor space figure for Planning Permission 2 excluding the Estates and the estimated floor space figure for the Estates under the People's Plan. The former is estimated to be approximately 239,942 GIA sqm assuming that 95% of the total floor space apportioned to the Estates would have been for residential use. The latter is estimated based on the average house size of the current Estates and applied to the proposed 250 new housing units, bringing the estimated residential floor space to 94,363 GIA sqm.

⁷³ Based on the business floor space apportioned to the land not covered by the Estates. No business use proposals were submitted under the People's Plan.

⁷⁴ Based on the retail floor space apportioned to the land not covered by the Estates. No retail use proposals were submitted under the People's Plan.

⁷⁵ Based on the education/community/health/culture/leisure floor space apportioned to the land not covered by the Estates. In addition, 1,996 of the existing floor space in the area under the Estates is assumed to be retained the People's Plan as it makes references to improvements to the existing community halls in the area.

⁷⁶ Scenario B also includes existing 760 residential units covered by the Estates.

⁷⁷ With the exception of improvements proposed in the People's Plan.

- 5.6.10 There is no target group of occupiers for these new homes (other than Estate residents provided with replacement homes). Therefore, the level of leakage is assumed to be zero for both scenarios.
- 5.6.11 In both scenarios, displacement, i.e. the proportion of outputs (housing units) accounted for by reduced outputs elsewhere in the target area is assumed to be zero at both Opportunity Area and borough levels.
- 5.6.12 As stated in the London Plan, the predicted growth in London's future population will translate into a minimum requirement for 49,000 additional homes a year between 2015 and 2036. Based on the Strategic Housing Land Availability Assessment (SHLAA)⁷⁸, city-wide capacity over this period is limited to 42,000 new homes annually. It can be assumed that the supply constraints identified for London as a whole also apply to LBHF given its central location. Based on this imbalance between the demand and supply of new housing, it is expected that provision of new housing in the Opportunity Area will not reduce provision of new housing elsewhere in the borough.
- 5.6.13 No multiplier effects have been applied as they are less relevant to assessment of residential effects.
- 5.6.14 The Earls Court and West Kensington Opportunity Area is identified in the London Plan and LBHF's Core Strategy as a strategic priority development site. Assuming 7,583 homes will be provided in delivery of the ECP Masterplan, Estates transfer would see some 2,446 residential units fewer completed in the area. This will have a significant detrimental impact on the Council's ability to meet its housing target of 1,031 new homes per annum as set out in the London Plan⁷⁹ and suggest that the shortfall would need to be met elsewhere in the Borough.
- 5.6.15 Based on the evidence submitted by LBHF/Capco and WKGCH, the figures in **Table 5-4** show that Scenario A delivers a higher quantum of affordable housing than Scenario B. While Scenario A will result in a lower proportion of affordable housing (20% compared with 27% under Scenario B) this is a result of the scale of housing activity (market and affordable) proposed. Scenario A is also anticipated to generate greater diversification of tenure compared to Scenario B.
- 5.6.16 As indicated in **Table 5-4**, the choice of housing types and sizes is broadly similar in both scenarios⁸⁰. However, the quantum of housing units in each size bracket will be higher under Scenario A. This has implications for the prevailing levels of overcrowding in the Estates (around 18%). Under Scenario A, all replacement homes will be provided with 1 bedroom above the assessed needs of each secured tenant. However, it is less clear how Scenario B will address the issue of overcrowding at the Estates. WKGCH People's Plan states that 70 new social homes will be used to rehouse those who are overcrowded or looking to downsize, however there is no evidence submitted to indicate how house allocation will be carried out and whether the new social homes will be sufficient to address overcrowding issues.

⁷⁸ Mayor of London. The London Strategic Housing Land Availability Assessment 2013 (SHLAA). GLA, 2014.

⁷⁹ Table 3.1, Mayor's London Plan, March 2016.

⁸⁰ In light of the availability of data, the split of house sizes is provided for the total number of housing units and is not disaggregated to private/affordable level.

Table 5-4. Housing supply – Opportunity Area

Key indicator	Scenario A	Scenario B
Number of total units	7,583	5,137
Diversification of tenure	Private sector – 6,083 Affordable – 1,500	Private sector – 3,766 Affordable – 1,371
Choice of housing types and sizes	1 bed – 30% 2 bed – 35% 3 bed – 22% 4+ bed – 9%	1 bed – 28% 2 bed – 36% 3 bed – 24% 4+ bed – 11%

- 5.6.17 Under Scenario A all new homes will be built to “Lifetime Homes” standards and designed to be energy-efficient. In Scenario B, the existing Estates homes will see insulation and installation of solar panels⁸¹. However, the existing Estates housing stock was built in the 1960’s and 1970’s when building standards were lower than today’s. While it is therefore likely that the overall quality of housing under Scenario A may be higher relative to Scenario B; however, there is not enough evidence to conclude either way with certainty.
- 5.6.18 Based on the evidence submitted by LBHF/Capco, delivery of the ECP Masterplan will require all 760 existing units at the Estates to be demolished and replaced with higher density residential development. In accordance with Section 106 of the Conditional Land Sale Agreement, tenants will be provided with a new home in the Opportunity Area. While this will result in decanting/relocation impacts, LBHF and Capco propose to mitigate them through a phased approach.
- 5.6.19 There is limited information available to disaggregate affordable housing provision into social rent, affordable and intermediate housing. However, the 760 replacement units will include at least 589 social rented units which means that the 531 existing tenants will have the option of returning to the Estates area under their current tenancy agreement.
- 5.6.20 Were the Estates stock transfer to proceed, there will be no planned demolition. However, an additional 250 units will be built either on top of existing blocks or on infill land. While some temporary relocation is likely, particularly of tenants immediately adjacent to the additional development, the scale of such impacts is likely to be considerably lower than under the ECP Masterplan proposals.

Employment

- 5.6.21 Employment impacts can be separated into those generated during the construction and redevelopment, and employment opportunities created post-construction in business, retail, community and other facilities.
- a. Construction jobs
- 5.6.22 In estimating construction effects, the construction spend associated with each scenario has been calculated⁸² and divided by the expenditure needed to support one-person year of construction employment. The assessment is necessarily approximate given that only high level

⁸¹ Based on the People’s Plan.

⁸² Construction cost was calculated based on the total planned floor space for each land use (residential, business, retail, hotel and serviced apartments, education/culture/community/health/leisure, and private hospital) multiplied by the respective average construction cost per sqm (data source: BCIS 2017).

specifications have been provided in the outline planning permissions associated with the ECP Masterplan and the People's Plan.

- 5.6.23 The assessment is used solely to inform the potential difference in regeneration employment impacts between each scenario.
- 5.6.24 Construction costs for the following uses are included in the calculation: Residential (C3); Business (B1); Retail (A1-5); Hotel and serviced apartments (C1); Education/community/health/culture/leisure (D1-2); Private health care (C2).
- 5.6.25 Construction costs for other land uses, such as public open space, ancillary uses (e.g. car parks), and Lillie Bridge Depot have not been included in this estimate due to gaps in the available data, i.e. the areas within the Estate likely to be covered by these uses. The assumed construction costs for both scenarios are therefore conservative.
- 5.6.1 In Scenario A, construction expenditure is estimated at approximately £1.6bn⁸³ while under Scenario B it is estimated to be £1.1bn. According to the Office of National Statistics £103,473 of construction expenditure⁸⁴ supports one construction worker for a one-year period (i.e. the output per head in the construction sector), which on the basis of that average would create 16,051 person years of construction employment under Scenario A compared with 10,780 person years of construction employment under Scenario B. It is generally accepted assumption in economic appraisals of development schemes that 10 person years of full-time continuous employment is equivalent to one permanent Full-Time Equivalent (FTE) job. On this basis Scenario A would support create 1 605 FTE gross construction jobs compared to 1,078 under Scenario B.
- 5.6.2 Only a proportion of this employment impact and associated benefit will occur in the Opportunity Area or LBHF. This is because workers may live and spend wages outwith the area. In terms of leakage, based on the 2011 Census estimates, approximately 4.1% of the economically active population of the Opportunity Area work in the construction industry and approximately 4.3% of the LBHF population work in the construction industry. Based on this a leakage rate of 95% has been applied.
- 5.6.3 As mentioned earlier, there is a clear shortage of housing supply in London. As a result, it is expected that construction jobs created in the Opportunity Area will be additional for both scenarios as activity will not reduce the number of construction jobs at other development sites in the borough. It is therefore assumed that displacement is zero.
- 5.6.4 To capture the multiplier effects⁸⁵ associated with additional construction employment, a composite multiplier of 1.38⁸⁶ has been applied consistent with the benchmarks established in physical regeneration projects guidance.⁸⁷
- 5.6.5 After accounting for additionality factors into consideration, it is estimated that Scenario A will create 221 FTE net construction jobs compared to 149 FTE net construction jobs under Scenario B. These figures indicate greater construction effects and potentially increased construction employment opportunities in Scenario A.

⁸³ Assuming 15% is added on for site infrastructure development.

⁸⁴ This was calculated at the national level, and is likely to be a conservative estimate relative to the construction expenditure to support one construction worker for one year in London.

⁸⁵ Multiplier effects quantify the further economic activity stimulated by the additional construction employment. A composite multiplier includes an income multiplier which is associated with additional income of the construction workers, and supply multiplier which is associated with additional local supplier purchases.

⁸⁶ This is a composite multiplier for regeneration through physical infrastructure projects estimated at sub-regional level.

⁸⁷ Research to improve the assessment of additionality, BIS, 2009.

5.6.6 In either scenario, Capco, LBHF or WKGCH have the opportunity to influence this by establishing related skills development, apprenticeship schemes, local content contractual clauses or similar arrangements. In Scenario A, Capco has agreed to establish an Employment and Training Strategy fund cost to the value of £8 million. Money from this fund will go towards the delivery of a detailed Local Employment and Training Strategy to increase construction training opportunities in the Opportunity Area. It is not clear, however, if People's Plan delivery would adopt a similar commitment. No reference is made to such provision in the evidence submitted. WKGCH makes no explicit reference to how its proposal will impact on local training opportunities, although it is probable that such initiatives would be incorporated.

b. Non-construction employment

5.6.7 A standard floorspace-based approach has been adopted to estimate employment generated by the alternative scenarios once each is 'operational', i.e. post-construction. The anticipated area of floor space in different uses has been factored by related employment density ratios⁸⁸. The analysis focusses on projected impacts once each scenario is fully complete and assumes 100% occupancy for both scenarios.

5.6.8 **Table 5-3** summarises estimated floorspace for different land uses under each scenario. Based on the HCA Employment Density Guide and the general benchmark that NIA is 80% of GIA in non-industrial properties⁸⁹, the following employment densities were applied:

- Office – 14 sqm (GIA) per FTE employee;
- Retail – 20 sqm (GIA) per FTE employee;
- Hotel – 1 FTE employee per 5 beds; and
- Education/community/health/culture/leisure – 100 sqm (GIA) per FTE employee.

5.6.9 Scenario A is estimated to create 8,494 new gross direct jobs, while Scenario B would create approximately 7,858 new gross direct jobs. As with construction effects, establishing net additional permanent employment effects requires adjustments for additionality.

5.6.10 Based on Census UK travel to work data 30% of people work and live in LBHF and RBKC. Local leakage of 70% is assumed. Displacement is assumed to be 20%⁹⁰. In order to capture the multiplier effects associated with the additional employment created, a composite multiplier of 1.38⁹¹ has been applied consistent with BIS guidance for physical regeneration projects.⁹²

5.6.11 Taking these additionality assumptions into consideration, Scenario A would create approximately 2,813 net additional permanent jobs while Scenario B would create 2,603 net additional permanent jobs.

Local economy

5.6.12 Under Scenario A the future population of the Opportunity Area would be approximately 16,467 residents based on the current occupation rate of 2.17 people per household. Under Scenario B the future population would be significantly lower at 11,155 residents. Table 5-5 summarises

⁸⁸ HCA (2015), Employment Density Guide, 3rd Edition.

⁸⁹ Paragraph 2.11, Employment Density Guide, HCA, 2015.

⁹⁰ Based on *Amion Consulting (2011): LBHF Proposed Estates Regeneration – Economic Appraisal Report*.

⁹¹ This is a composite multiplier for regeneration through physical infrastructure projects estimated at sub-regional level.

⁹² Research to improve the assessment of additionality, BIS, 2009.

the likely economic activity of future residents based on the current characteristics of the Opportunity Area:

- Level of economic activity – 71% of the number of households⁹³;
- Average income level - £37,344 per household per annum⁹⁴; and
- Spend levels - £10,365 per household per annum⁹⁵, including £4,177 convenience spend and £6,188 comparison spend.

5.6.13 Overall, Scenario A would generate greater economic effects than Scenario B.

5.6.14 Economic activity in the Opportunity Area will be influenced at least in part by the size and profile of the resident and working populations attracted to the area in each scenario. While the ECP Masterplan delivers more social and affordable housing, it will also see a major increase in market housing locally. This has implications for the income and employment profile of the Opportunity Area’s population, suggesting it will gradually move closer to the Inner London profile. Were this the case, the area would exhibit the following characteristics post-regeneration⁹⁶:

- Level of economic activity – 73% of the number of households;
- Average income level - £39,120 per household per annum; and
- Spend levels - £12, 438 per household per annum, including £7,503 convenience spend and £4,935 comparison spend.

5.6.15 It is not clear whether the same would apply for Scenario B.

Table 5-5. Additional economic activity – Opportunity Area

Key indicator	Scenario A	Scenario B
Number of future residents	16,467	11,155
Economically active people	12,012	8,143
Annual income	£449m	£304m
Retained expenditure ⁹⁷	£31m	£21m

5.6.16 In comparing the range and scale of local business opportunities, the first step is to compare existing and planned floorspace dedicated to business and retail land use. Existing retail/business floorspace in the Opportunity Area is c.68,843 sqm (GIA)⁹⁸ which is nearly half the size of the planned 120,205 sqm (GIA) under Scenario A. Under Scenario B approximately 111,071 sqm (GIA) will be used for business and retail purposes. Given the location of the Opportunity Area within Inner London, it is assumed this will be 100% occupied once the construction stage is complete. Coupled with increases in residential population and visitors to the area, it is likely that the range and scale of local business opportunities will be increased

⁹³ ONS, 2016.

⁹⁴ According to GLA median household earnings estimates in 2012/2013.

⁹⁵ Experian MMG3.

⁹⁶ Data sources are the same as above.

⁹⁷ Assuming 60% retention rate for convenience expenditure and 25% for comparison expenditure. The analysis of retail retention rates has been based on knowledge of the existing retail geography of LBHF and PBA (May 2016), *LB Hammersmith and Fulham Retail Needs Study Update*.

⁹⁸ Based on the evidence provided in Planning Permissions 1 and 2.

significantly for the Opportunity Area under each scenario. This assumes that delivery of the remainder of the ECP Masterplan will not be affected by stock transfer. In reality this is unlikely to be the case as the package of masterplan deliverables, particularly the scale of business, service, commercial and other floorspace devoted to local services, is likely to be linked to the needs of the local population. It is likely that local business and service opportunities will be considerably smaller under Scenario B.

Summary of economic impacts

5.6.17 Table 5-6 below provides a summary of the key economic impacts for each scenario and the difference between.

Table 5-6 Summary of economic impacts

Key indicator	Scenario A	Scenario B	Difference
Number of housing units	7,583	5,137	2,446
Diversification of tenure	Private sector – 6,083 Affordable – 1,500	Private sector – 3,766 Affordable – 1,371	Private sector – 2,317 Affordable – 129
Choice of housing types and sizes	1 bed – 30% 2 bed – 35% 3 bed – 22% 4+ bed – 9%	1 bed – 28% 2 bed – 36% 3 bed – 24% 4+ bed – 11%	
Construction jobs (FTE)	221 ⁹⁹	149	72
Permanent jobs	2,813	2,603	210
Number of future residents	16,467	11,155	5,312
Economically active people	12,012	8,143	3,869
Annual income	£449m	£304m	£145m
Retained expenditure ¹⁰⁰	£31m	£21m	£10m

5.7 Phase 3b: Qualitative Impact Assessment

5.7.1 This section focuses on potential qualitative impacts on the regeneration of the Opportunity Area. Qualitative comparison between Scenarios 1 and 2 examine the relative impacts in: enhancement to public realm, improvement to health, and cultural and heritage effects. The evidence has been drawn from the Masterplan and People’s Plan documents and inferences made regarding likely impacts.

5.7.2 As per the economic impacts assessment, Scenario A is defined as the ECP Masterplan including the Estates, while Scenario B is defined as the ECP excluding the Estates and including the People’s Plan. Deliverables under each scenario are defined by the three planning permissions and the People’s Plan. It is assumed that Planning Permission 1 (RBKC) and Planning Permission 3 (Seagrave Road) will proceed as per the current ECP Masterplan. However, deliverables under Planning Permission 2 (LBHF) are likely to be affected if the Estates stock transfer proceeds. This is because investment in community facilities, transport

⁹⁹ This is based on a conservative estimate of construction costs and should thus be treated as indicative only.

¹⁰⁰ Assuming 60% retention rate for convenience expenditure and 25% for comparison expenditure. The analysis of retail retention rates has been based on knowledge of the existing retail geography of LBHF and PBA (May 2016), *LB Hammersmith and Fulham Retail Needs Study Update*.

infrastructure and open spaces heavily depend on the number and profile of residents in the area. Since there would be a significant reduction in the number of houses completed under Planning Permission 2, it is also likely that planned investment into community facilities, transport infrastructure and open spaces will be reduced.

5.7.3 To this extent, the qualitative impacts under Scenario B assume reduced deliverables under Planning Permission 2.

Community facilities

5.7.4 **Table 5-7** below summarises deliverables under each scenario¹⁰¹.

Table 5-7. Summary of deliverables – community facilities

Planning Permissions	Scenario A	Scenario B
1 (RBKC)	<ul style="list-style-type: none"> ▪ Day nursery facility with a capacity for up to 30 children. ▪ Financial contribution of up to £707,729 to the RBKC to increase capacity of existing facilities or to provide new facilities to meet the primary education needs of the development. (subject to Planning Permission 2) ▪ Financial contribution of up to £190,433 to the RBKC to increase capacity of existing facilities or to provide new facilities to meet the secondary education needs of the development. ▪ Financial contribution of up to £744,000 to the RBKC to increase capacity of existing facilities or to provide new facilities to meet the health needs of the development (subject to Planning Permission 2). ▪ Financial contribution of up to £934,684 to the RBKC to increase capacity of existing facilities or to provide new facilities to meet the leisure needs of the development (subject to Planning Permission 2). 	As per scenario B but reduced in scale as some deliverables are subject to Planning Permission 2.
2 (LBHF)	<ul style="list-style-type: none"> ▪ Delivery of a combined two-form entry primary school and day nursery facility with a total registered capacity for 60 children. ▪ Financial contribution of up to £3.28 million to the LBHF to increase capacity of existing facilities or to provide new facilities to meet the secondary education needs of the development. ▪ The replacement of the existing community meeting halls of up to 200 GIA sqm for use as a community facility. To be delivered and made available for use prior to loss of the existing halls located on the West Kensington and Gibbs Green estates or any temporary replacement provision provided by the developer. ▪ Provision of a minimum of 1,800 GIA sqm floor space for community use purposes (anticipated to be a library and one more facility) ▪ Delivery of health facility floor space, including GP and dental provision, of up to 1,095 GIA sqm. 	Level of investment likely to be lower than under Scenario A.

¹⁰¹ This is based on the evidence submitted, namely Section 106; Planning Permissions 1,2, Seagrave Road; and People's Plan

	<ul style="list-style-type: none"> Delivery of leisure facility floor space of up to 2,500 GIA sqm, including a minimum of one sports hall plus space for gym and studios. 	
3 (LBHF)	Gym including a café (up to 1,094 GIA sqm)	As per scenario A.

5.7.5 Under Scenario A, the deliverables will provide social and community facilities to meet the needs of the new residential population. Investment in schools and health facilities is likely to improve educational attainment and health levels in the area.

5.7.6 Under Scenario B, the deliverables will be lower, however their relative magnitude is unclear at this stage. In its proposal, WKGGCH only notes provision of new community halls with no reference to education or health facilities. It is also uncertain how the planned investment under Planning Permission 2 will be affected.

Transport and other infrastructure

5.7.7 **Table 5-8** below summarises what will be delivered under each scenario as per Section 106, planning permissions, and People’s Plan¹⁰².

Table 5-8. Summary of deliverables – transport and other infrastructure

Planning Permissions	Scenario A	Scenario B
1 (RBKC)	£2.03 million financial contribution to the highway works. £5.3 million financial contribution towards public transport and sustainable transport measures.	As per scenario A.
2 (LBHF)	£4.9 million financial contribution towards public transport improvements (underground) £4.3 million financial contribution towards improvements to the existing and provision of the new bus services and facilities. £140,000 financial contribution to the Council towards the delivery of improvements to existing and the provision of new cycle routes.	Level of investment is likely to be lower than under scenario A.

5.7.8 Under Scenario A, the ECP Masterplan adopts a holistic approach to walking, cycling and public transport intended to deliver a high quality public realm and improved connectivity within the Opportunity Area as well as with the neighbouring areas. Planned improvements to transport

¹⁰² Planning Permission 3 (Seagrave Road) planning permission does not make explicit reference to improvements to the transport and other infrastructure for the area covered by the planning permission.

infrastructure will also accommodate increased travel demand to/from the regeneration area generated by new residents, workers and visitors.

- 5.7.9 Under Scenario B, while deliverables are likely to be reduced, the magnitude of this is unclear at this stage. In its proposal, WKGCH does not include improvements to transport infrastructure in the area. It is also unclear how planned investment required for the implementation of the Planning Permission 2 will be affected.

Living environment

- 5.7.10 Under Scenario A, the ECP Masterplan will deliver significant improvements to the living environment by transforming the urban grain of the area with the development of the Lost River Park and provision of children's and young people's play and recreation space. It will deliver high quality public open spaces that will encourage walking and cycling, and maximise connectivity of the area.
- 5.7.11 Under Scenario B, the provision of public and private open spaces may not be significantly different. The Lost River Park may go ahead while WKGCH's proposal provides for community gardens and private allotments in place of underutilised car parks. However, the urban grain of the Estates will not change and current connectivity issues within the area covered by the Estates are likely to continue. It should be noted, though, that the People's Plan is still under development and thus there is scope for change.

5.8 Phase 4: Conclusions

- 5.8.1 Based on the evidence submitted by LBHF/Capco and WKGCH, an impact assessment has been prepared examining economic and qualitative impacts.
- 5.8.2 Under Scenario A the scale of benefits delivered for the local economy (and London's) considerably exceeds that under Scenario B. Substantially more residential units will be delivered under the ECP Masterplan (approximately 50% more than if the Estates stock was transferred to a new social landlord). This will result in a higher future population with greater local expenditure and demand for community and other services compared to if the Estates were transferred. The scale of construction activity under Scenario A is significantly greater than under Scenario B, which will generate higher levels of construction employment.
- 5.8.3 In terms of qualitative impacts, Scenario A is likely to deliver a greater range of community facilities and a much greater investment into the transport infrastructure. This will result in improved connectivity in the area and enhance living environment for the residents.
- 5.8.4 On the basis of the available information, there is sufficient ground to conclude that the Estates stock transfer will have significant detrimental effects on the regeneration of the area.
- 5.8.5 This analysis is based on the assumption that were Estates stock transfer to proceed, the proposals outlined in the ECP Masterplan for those areas outside the Estates would progress independently and as envisaged by the masterplan. This may be termed a best-case scenario. As the viability of regeneration masterplan delivery may be affected by the reduction in residential development which the stock transfer proposals entail, this may not be the case. Were the scale of potential regeneration activity and development affected, a further reduction in deliverables is likely to result in detrimental effects on area regeneration, additional to those assessed here. However, whilst this tends to reinforce our conclusion that the Estates stock transfer will have significant detrimental effects on regeneration, we make clear that we would reach this conclusion even on the best-case assumption that the transfer will not affect the viability of the remainder.

6 Conclusions

6.1 Detrimental effects on the provision of LBHF's housing services

- 6.1.1 Based on the evidence available, there is insufficient ground to conclude that the Estates stock transfer will have a significant detrimental impact on the Council's ability to provide housing services for its remaining housing stock.
- 6.1.2 The impact on the HRA revenue from the loss of the Estates is unlikely to be significant as they form only 4% of the Council's housing stock and are in good condition following multimillion investment into bringing them in line with Decent Homes standards.
- 6.1.3 From the evidence submitted, it was not obvious that the HRA Business Plan's viability was dependent on the capital receipts from Conditional Land Sale Agreement. In fact, if the costs associated with the Earls Court Project were removed (e.g. buy back costs and project team costs) then the Council should have sufficient funds from alternative sources to fund its housing programme for the remaining housing stock.

6.2 Detrimental effects on the regeneration of the local area

- 6.2.1 Based on the evidence submitted by LBHF/Capco and WKGCH, an impact assessment was carried out both for economic and non-economic impacts. The assessment assumes that if the Estates stock transfer proceeds, the ECP Masterplan goes ahead as planned excluding residential floor space allocated to the area covered by the Estates. Under this assumption, the full scale ECP Masterplan yields greater benefits for the area compared to the amended ECP Masterplan. For example, under the ECP Masterplan 50% more residential units will be built which will contribute to the LBHF and London's housing targets. This in turn has a greater consequential effect on the regeneration of the Opportunity Area, including a higher number of construction jobs; increased employment opportunities; and a larger future population area resulting in increased expenditure and benefits for the local economy.
- 6.2.2 Based on the evidence submitted and the impact analysis of it, there is sufficient ground to conclude that the Estates stock transfer will have significant detrimental effects on the regeneration of the area.
- 6.2.3 This analysis is based on the assumption that were Estates stock transfer to proceed, the proposals outlined in the ECP Masterplan for those areas outside the Estates would progress independently and as envisaged by the masterplan. This may be termed a best-case scenario. As the viability of regeneration masterplan delivery may be affected by the reduction in residential development which the stock transfer proposals entail, this may not be the case. Were the scale of potential regeneration activity and development affected, a further reduction in deliverables is likely to result in detrimental effects on area regeneration, additional to those assessed here. This adds further risk of adverse effects on regeneration but the impact would be significant even on a best-case assumption.

Appendix A Evidence overview

A.1.1 This Appendix provides an overview of the evidence submitted by WKGGCH and LBHF/Capco. The summary table indicates the relevance of each piece of evidence and draws links with the criteria for evaluation of the socioeconomic impacts. It also identifies gaps in the evidence.

File No	Author	Date	Name	Relevance	Contents	Links with the criteria for evaluation	Gaps
1	WKGGCH	11 Aug 2015	Right to Transfer Proposal Notice	For information purposes – no evidence relevant to the assessment	<p>Right to Transfer Proposal Notice</p> <p>Plan and property schedule of West Kensington and Gibbs Green estates</p> <p>Copy of WKGGCH constitution</p> <p>General meetings notices and draft minutes</p>	Establishes area to be removed from ECRP	The submission does not include a description of alternative options for the estates if the proposal notice was accepted by the LBHF.
2	LBHF	04 Sept 2015	Acknowledgement of receipt of Proposal Notice	For information purposes – no evidence relevant to the assessment	Letter acknowledging the receipt of the proposal notice and notifying WKGGCH that LBHF will send a determination notice to the Secretary of State.	Determination notice submitted on the grounds of the transfer resulting in significant detrimental effect on the provision of housing services in the areas of the Council and on the regeneration of the Earls Court Opportunity area.	n/a
3	LBHF/Capco	25 Sept 2015	Statement in respect of the determination application	For information purposes – evidence is included in appendices.	Provides an overview of the regeneration case, a summary of policy and planning documents	Regeneration scheme contributes towards providing additional housing (including 1,500 affordable homes of which 760 will be replacement homes). Proposed mix and range of housing would provide housing diversity.	

File No	Author	Date	Name	Relevance	Contents	Links with the criteria for evaluation	Gaps
		11 Aug 2015	Appendix A: WKGGCH submission	Repetition of file 1			
		7 Nov 2013 Nov 2013	Appendix B: The Housing Regulations 2013 Statutory Guidance 2013	Regulations form the basis of the assessment. Regulations 13 and 25 are of particular relevance	Includes Regulations and Statutory Guidance that needs to be followed by anyone exercising functions under the Regulations.	<p>Regulation 13: “The authority can apply for a determination on the grounds that the transfer will have a significant detrimental effect on the provision of housing services in the area of the authority or regeneration of the area.”</p> <p>Regulation 25: “...significantly detrimental ...could include proposals which would lead to a negative impact on the Housing Revenue Account or where the loss of stock would lead to a significant loss of economies of scale in provision of services.”</p> <p>“When looking at the impact on regeneration...detrimental impacts could include issues around the loss of land and property reducing the value to developers and making the process unviable as well as impacts on employment and the local economy.”</p>	n/a

File No	Author	Date	Name	Relevance	Contents	Links with the criteria for evaluation	Gaps
			Appendix C: Plans	Relevant for identifying the boundaries of areas to be used for the baseline profile and scenarios analysis.	Includes plans for Opportunity Area, ECP Masterplan, Conditional Land Sale Agreement Option Land		
		3 Sept 2015 2 Feb 2015	Appendix D: Cabinet reports	Highly relevant for understanding what previous analysis was undertaken and what conclusions were reached. Includes assessment of the housing stock transfer option including an appraisal of the WKGCH vision for the area.	Includes: Econ appraisal of including estates in the regeneration plan Responses to economic appraisal Profile of the area Conditional Land Sale Agreement terms Comparison of house sizes	HRA includes borrowing against internal resources that was to be principally achieved through the receipts from the Earls Court programme. CSLA contributes to borrowing capacity in respect of the Council's housing programme.	
		12 Sept 2012 11 Sept 2013 20 Nov 2012 16 Feb 2012	Appendix E: planning applications	Highly relevant as includes details of planned housing supply, employment, affordable housing, tenure split, housing mix, density, etc. This evidence will be used in the impact assessment of the impacts on the regeneration of the area.	Includes: Earls Court Outline Planning Application to LBHF Earls Court Outline Planning Application to LBHF Earls Court Planning Application to RBKC Seagrave Road Full Planning Application to LBHF		Planning applications for the main site (excluding Seagrave Road) are outline only and do not detail what will be built on the Estates land.
		Various dates	Appendix F: policy documents	Highly relevant as contains principles and targets which will form the basis of the criteria for evaluation. Summary of key points is provided in appendix of this report.	The London Plan 2011 The LBHF Core Strategy 2011 The RBKC Core Strategy 2011 Earls Court and West Kensington Opportunity Area Joint Supplementary Planning Document 2012		National and London planning and strategy documents are also relevant for the assessment but not included in the evidence.

File No	Author	Date	Name	Relevance	Contents	Links with the criteria for evaluation	Gaps
		15 Feb 2013	Appendix G: consent of SoS	This is a summary of key points in Appendix E.	Council application to the Secretary of State		
		18 Apr 2013			Consent of Secretary of State		
		Various dates	Appendix H: outline planning permissions	Limited relevance. Key information is included in Appendix E.	Outline planning permissions		
		Various dates	Appendix I: High Court decisions	Limited relevance as related directly to the terms of the Conditional Land Sale Agreement rather than the transfer of stock.	High Court decisions in relation to the Conditional Land Sale Agreement (there were numerous applications for a judicial review of the Conditional Land Sale Agreement)		
		Sept 2015	Appendix J: Capco evidence statement	Limited relevance because the documents supplied by Capco are the same as those submitted by LBHF (see 3 – 3.1)	QUOD Summary review of socioeconomic evidence base Background documents, including location plans, proposal notice, documents relating to authorisation of the ECP Masterplan		
4	WKGGCH	23 Oct 2015	Statement submitted to the Department in response to LBHF's determination	This evidence is highly relevant as it sets out key arguments submitted by WKGGCH as to why the Estates stock transfer should go ahead. Feasibility study brief will be used to in building an alternative scenario for the assessment of impacts on the regeneration of the area.	WKGGCH statement in response to LBHF's determination case DVS report and DVS2 report review A report from UCL looking at the benefits/costs of refurbishment vs demolition. Feasibility study brief		Feasibility study brief is very high level

File No	Author	Date	Name	Relevance	Contents	Links with the criteria for evaluation	Gaps
5	LBHF/Capco	20 Nov 2015	Further evidence	Highly relevant as sets out the case why the transfer will have detrimental effects.	This is a response to WKGCH statement. Contains summary case of why transfer will have detrimental effects and evidence concrete progress of the regeneration scheme.	Regeneration scheme will generate more than £8 million of investment, creating 8,000 new homes, £72 million of new homes bonus, £50 million of London Mayoral Community Infrastructure Levy, and over 10,000 jobs. S106 package amounts to over £500 million benefits to local community, including £53 million for local transport infrastructure, £36 million for local school, health, community and cultural space provision.	
6	WKGCH	2 June 2016	Response from WKGCH to the request by DCLG for further information in respect of the determination requests	Highly relevant as sets out the high level detail of deliverables under the People's Plan, i.e. if the Estates stock transfer goes ahead.	<p>WKGCH further evidence statement</p> <p>Record of email exchanges and meetings between LBHF and Capco regarding changes to the ECP Masterplan (subject to FOI redactions)</p> <p>State Aid complaint to the European Commission</p> <p>WKGCH People's Plan</p> <p>ASH Feasibility report</p>		
7	Capco	30 Jun 2016	Further evidence	Limited as no additional information is added	Reiteration of previous statements and response to WKGCH statement		
8	LBHF	1 Jul 2016	Final statement of evidence	Limited relevance as no additional evidence is submitted except for the progress under the ECP Masterplan	<p>LBHF final statement of evidence</p> <p>Trigger Notice</p>		

File No	Author	Date	Name	Relevance	Contents	Links with the criteria for evaluation	Gaps
9	WKGGCH	1 Jul 2016	Final statement of evidence	Limited relevance as no additional evidence is submitted	WKGGCH final statement of evidence Deutsche Bank reports on the performance of Capco and the UK real estate market		

Appendix B Criteria for evaluation

B.1.1 This Appendix includes criteria for evaluation that was used for the assessment of socioeconomic impacts. Criteria was derived from the key principles identified in the policy documentation and the evidence submitted by WKGGCH and LBHF/Capco.

Themes	Principles and strategic objectives	Source	Key indicators	Criteria
Housing provision	Planning authorities should identify and meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth.	NPPF (core principles)	Housing supply Diversification of tenure Affordability of new houses Choice of housing types and sizes Reduction in deprivation, e.g. overcrowding. Improvement in quality of housing, both new and existing stock (qualitative)	To what extent will each scenario contribute to the LBHF and London's housing growth targets? What choice of housing types and sizes will each scenario bring? To what extent will each scenario contribute to LBHF's objective of diversifying tenure? How will social housing provision be affected under each scenario? How does plan to improve the quality of existing homes? If the states are removed from the EC Masterplan, to what extent will the proposed delivery of additional affordable houses be affected?
	Planning authorities should plan for a mix of housing based on evidence and need to reflect local demand, with clear policies for meeting affordable housing need.	NPPF (Policy 6)		
	Housing target at an annual average of 42,000 net additional homes across London which will enhance the environment, improve housing choice and affordability and provide better quality accommodation.	The Mayor's London Plan (Policy 3.3)		
	Communities should be mixed and balanced by tenure	The Mayor's London Plan (Policy 3.9)		
	Earl's Court and West Kensington Opportunity Area has the capacity for new 7,500 homes	The Mayor's London Plan (Annex 1)		
	Increased housing choice taking account of housing supply and housing requirements identified at regional, sub-regional and local levels. Developments should offer a range of housing choices, in terms of the mix of housing sizes and types, taking account of the housing requirements of different groups and the changing roles of different sectors.	The Mayor's London Plan (Policy 3.8)		
	The Core Plan aims to deliver 615 additional homes per year (borough wide), 13,000 additional homes over 2012-2032	LBHF Core Strategy 2011 (H1)		
	40% of all additional dwellings built between 2011-21 to be affordable	LBHF Core Strategy 2011 (H2)		
	All new dwellings to be built to 'Life Homes' standards with 10% to be wheelchair accessible	LBHF Core Strategy 2011 (H4)		
	The aim should be to provide a mix of dwelling sizes, types and tenure that will enable there to be a more mixed community across the area (reference to Fulham regeneration area)	LBHF Core Strategy 2011 (7.104)		
	The Earls Court outline planning applications seek planning permissions to deliver up to 6,775 residential units including a) 740 additional affordable units, and b) 760 replacement housing units.	CLSA, Section 106 (Schedule 5)		
	Provision of new homes on infill sites across the estates to provide rehousing options for existing residents who might be overcrowded, under-occupying or in need of improved disability provision.	WKGCH Strategic brief for feasibility study 2015		
	Provision of 250 new homes across the area covered by the estates (70 homes for social rent and 180 for private sector)	WKGCH People's Plan July 2016		
	Comprehensive redevelopment of the estates as part of a wider Earls Court masterplan development will bring 7,583 new homes.	The Estates Regeneration Economic Appraisal 2011. Conclusions approved by leader of the LBHF Council in 2011.		

Employment	Earl's Court and West Kensington Opportunity Area has employment capacity of 9,500	The Mayor's London Plan (Annex 1)	Construction jobs Direct permanent jobs Indirect or induced jobs Reduction in residents claiming JSA Training opportunities Increased economic activity	To what extent will each scenario contribute to the employment and training opportunities in the local area? If the estates were removed from the EC Masterplan, to what extent will proposed financial contributions to employment and training be affected?
	There is a need for investment in economic led regeneration in the Fulham Regeneration Area (includes Earl's Court and West Kensington Opportunity Area) to provide stimulus to the local economy and more employment and training opportunities for the local area and London as a whole.	LBHF Core Strategy 2011 (7.106)		
	Increase employment opportunities for local people, by creating a minimum of 7,000 new jobs and improving access to training initiatives and apprenticeships.	Earl's Court and West Kensington Opportunity Area Joint Supplementary Planning Document 2012 (Key Objective 3.15)		
	The developer and the council to develop a strategic approach to local employment and training initiatives. The developer to make financial contributions (£8 billion) to fund the implementation of employment, training and business engagement measures identified in the agreed strategy.	CLSA, Section 106 (Schedule 10)		
	WKG GCH does not make explicit reference to potential impact of the stock transfer on local employment. However, employment impacts	WKG GCH Proposal Notice		
	Comprehensive redevelopment of the estates as part of a wider Earl's Court masterplan development will bring 6,369 net additional construction jobs* for the duration of the construction period (20 years) and 2,650 net additional permanent jobs*. *persons years of employment	The Estates Regeneration Economic Appraisal 2011. Conclusions approved by leader of the LBHF Council in 2011.		
Local economy	Planning authorities are expected to identify priority areas for economic regeneration	NPPF (core principles)	Reduced deprivation, e.g. increased average income levels Higher spend levels New Hight Street Number of visitors to the area Range and scale of local business opportunities	To what extent will each scenario improve household income in the area? To what extent will the spend of existing and new residents be retained in the area under each scenario? If the estates were removed from the EC Masterplan, to what extent will expected benefits to the local economy be affected?
	Household income should be promoted across London through incremental small scale as well as larger scale developments which foster social diversity, redress social exclusion and strengthen communities' sense of responsibility for their neighbourhoods	The Mayor's London Plan (Policy 3.9)		
	Regeneration in the West Kensington Opportunity Area will bring demand for shopping, leisure and services that should help improve the overall health of the area	LBHF Core Strategy 2011 (7.108)		
	New comparison retail demand from the new residents should be met in existing town centres.	Earl's Court and West Kensington Opportunity Area Joint Supplementary Planning Document 2012 (Key Objective 3.16)		
	WKG GCH does not make explicit reference to potential impact of the stock transfer on local economy.	WKG GCH WKG GCH Proposal Notice		
Comprehensive redevelopment of the estates as part of a wider Earl's Court masterplan development will bring £99.5m per annum of additional local expenditure.	The Estates Regeneration Economic Appraisal 2011. Conclusions approved by leader of the LBHF Council in 2011.			

Community facilities	Planning policies and decisions should aim to ensure that developments: - support local facilities - respond to local character, history and identity, - create safe and accessible environments and visually attractive as a result of good architecture and appropriate landscaping.	NPPF (Policy 7)	Social infrastructure, including health/education/leisure/cultural facilities	What will each scenario deliver in terms of community facilities? If the estates are removed from the EC Masterplan, to what extent will the proposed package of community facilities be affected?
	Plans should include provision and use of shared space, community facilities (such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship) and other local services to enhance the sustainability of communities and residential environment	NPPF (Policy 8)		
	Developments should optimise residential and non-residential output and densities, provide necessary social and other infrastructure to sustain growth	The Mayor's London Plan (Policy 2.13)		
	Major new leisure and recreation facilities will be needed in the Earls Court and West Kensington Opportunity area.	LBHF Core Strategy 2011 (CF1)		
	Create a lively cultural destination with a variety of culture, arts and creative facilities that continues the Earls Court brand	Earls Court and West Kensington Opportunity Area Joint Supplementary Planning Document 2012 (Key Objective 3.17)		
	EC Masterplan will deliver: - Financial contributions towards improving capacity of existing health, leisure and community facilities. - Community facilities, and health and leisure facilities. - Cultural floorspace under both applications the need for which is accepted to arise from the scale of the Earl's Court Development and the desire to create and underpin a successful community. - A two form primary school, make financial contributions to the secondary education facilities, and provide a day nursing facility at both sites.	CLSA, Section 106 (Schedule 6)		
	Improvements to West Kensington playground, refurbishment of basketball pitch, consider purpose built dog walking area, improvements to community centres, new WKGCH housing office.	WKGCH Strategic brief for feasibility study 2015		

Transport and other infrastructure	Plans should protect and exploit opportunities for the use of sustainable transport modes. Therefore, developments should be located and designed to give priority to pedestrian and cycle movements, and have access to high quality public transport facilities	NPPF (core principles)	Transport infrastructure, including rail/underground links, bus routes, cycle routes, roads	How will each scenario contribute to the development of the use of sustainable transport modes? If the estates are removed from the EC Masterplan, to what extent will the proposed financial contributions be affected?
	Planning policies and decisions should aim to ensure that developments: -support local transport networks	NPPF (Policy 7)		
	The EC Masterplan includes financial contributions from the developer to the Council and Transport for London to make improvements to the existing and provisions of the new transport facilities, including underground stations, bus services, and cycle routes.	CLSA, Section 106 (Schedule 2)		
	WKGCH does not make explicit reference to potential impact of the stock transfer on local transport infrastructure.	WKGCH Strategic brief for feasibility study 2015		
Living environment (qualitative)	Planning policies and decisions should aim to ensure that developments: - function well and add to the overall quality of the area, not just for the short term but over the lifetime of the development, - establish a strong sense of place, - create and sustain an appropriate mix of uses	NPPF (Policy 7)	Public realm Open spaces Reduction in levels of crime	To what extent will public realm be improved under each scenario? If the estates are removed from the EC Masterplan, to what extent will the proposed improvements to the public realm be affected?
	In promoting healthy communities, plans should include provision of safe and accessible environments and accessible developments with high quality public space to encourage a continual use of public areas.	NPPF (Policy 8)		
	A mix of new public and private open space in the Earls Court and West Kensington Opportunity Area will contribute to a borough wide strategic policy of protecting and enhancing parks, open spaces and biodiversity in the borough.	LBHF Core Strategy 2011 (OS1)		
	Provide good quality public open space that offers a range of recreational and ecological opportunities and overcomes existing deficiencies in access to public open space and play facilities.	Earls Court and West Kensington Opportunity Area Joint Supplementary Planning Document 2012 (Key Objective 3.13)		
	The EC Masterplan will provide pocket parks, garden squares, and the Lost River Park open for public access.	CLSA, Section 106 (Schedule 7)		
	Improvements to communal open space, including possibility of community gardens.	WKGCH Strategic brief for feasibility study 2015		

LBHF's Housing Revenue Account	A local housing authority is required to keep a separate Housing Revenue Account to reflect the rents and associated costs of local authority tenants. Budget for HRA cannot be approved in a debit position, i.e. all expenses (maintenance/repairs, and financing/repayment of debt) need to be financed	the Local Government and Housing Act 1989	Provision of housing services, e.g. maintenance and repair	<p>To what extent will the Council's ability to maintain its stock (e.g. financing the cost of maintenance and repair) be affected under each scenario?</p> <p>How will the viability of the Housing Revenue Account Business Plan for the retained stock be affected?</p>
	The local authority is responsible for ensuring the sustainability of the stock retained following a partial transfer.	Housing Transfer Manual 2016		
	The local authority is responsible for assessing the effect of transfer on its wider position and activities, and specifically (i) the delivery of other services, (ii) the overall financial position, covering the general fund, (iii) for whole stock transfers, the effect on its corporate structure, and (iv) for partial transfers, the continuing viability of its Housing Revenue Account Business Plan for the retained stock.			

Appendix C LBHF Housing programme

C.1.1 This Appendix provides a resource summary of the LBHF's housing programme as per LBHF's Four Year Capital Requirement Programme 2016/17 to 2019/20¹⁰³

Approved expenditure (£'000)

	2016/17 Budget	Indicative 2017/18 Budget	Indicative 2018/19 Budget	Indicative 2019/20 Budget
HRA Schemes				
Supply initiatives (Major voids)	939	-	-	-
Energy Schemes	3,961	2,150	1,885	2,057
Lift schemes	6,373	5,101	2,687	94
Internal Modernisation	1,408	-	-	1,403
Major Refurbishments	16,565	12,202	11,874	13,746
Planned Maintenance Framework	9,071	-	-	-
Minor Programmes	8,346	6,707	5,722	6,694
ASC/ELRS Managed	1,173	950	823	888
Rephasing & Reprogramming	-	(993)	(1,860)	(2,939)
Subtotal HRA	47,836	26,117	21,131	21,943
Decent Neighbourhood Schemes				
Earls Court Buy Back costs	10,506	16,378	24,128	13,782
Earls Court Project Team costs	4,636	5,043	4,094	4,047
Housing Development Project	4,928	-	-	-
Other DNP projects	1,245	-	-	-
Subtotal Decent Neighbourhoods	21,315	21,421	28,222	17,829
Total Expenditure	69,151	47,538	49,353	39,772

Funding (£'000)

	2016/17 Budget	Indicative 2017/18 Budget	Indicative 2018/19 Budget	Indicative 2019/20 Budget
Capital Grants from Central Government	-	-	-	-
Contributions from leaseholder	4,093	2,849	2,849	2,849
Grants and Contributions from Private Developers (includes S106)	4,250	-	-	-
Capital receipts (inc adj for deferred costs)	28,443	8,794	9,064	16,488
Housing Revenue Account (revenue funding)	3,514	3,702	353	1,562
Major Repairs Reserve	17,377	17,820	18,325	18,873
Internal borrowing	11,474	14,373	18,761	-
Total funding	69,151	47,538	49,353	39,772

¹⁰³Four Year Capital Requirement Programme 2016/17 to 2019/20, LBHF, February 2016.

Appendix D Additional Evidence

- D.1.1 This appendix provides a summary of the additional evidence submitted by the West Kensington and Gibbs Green Community Homes Ltd. (WKGCH), London Borough of Hammersmith and Fulham (LBHF) and Capco between December 2017 and February 2018 in relation to the Request for Determination submitted by LBHF to the Secretary of State in September 2015. It sets out the key points raised by the parties and considers them in relation to the recommendations made in the 2017 socio-economic evaluation.
- D.1.2 Additional evidence has been considered within the same scope as the 2017 socio-economic evaluation, namely:
- Assessment of potential impacts on the provision of housing services focusses on the investment needs, such as repair and maintenance, of the remaining housing stock in LBHF;
 - Assessment of potential impacts on the regeneration of the area focusses on the area covered by the Earls Court Opportunity Area; and
 - Feasibility and viability of the Earls Court Masterplan are outside the scope.

Additional Evidence

- D.1.3 On 13 December 2017, the Secretary of State received further correspondence from WKGCH informing of ongoing commercial discussions between LBHF and Capco regarding potential changes to the Earls Court Masterplan. The WKGCH letter references Capco's announcement of 8 November 2017 which confirms its discussions with LBHF to develop an enhanced masterplan. The announcement states:

“Capco notes the recent press speculation and confirms that it remains in discussions with the London Borough of Hammersmith & Fulham (‘LBHF’) to bring forward an enhanced masterplan for the Earls Court Opportunity Area.

An enhanced masterplan would seek to deliver an increased number of homes across all tenures throughout the wider Earls Court Opportunity Area, and could involve LBHF taking the lead on future plans for the West Kensington and Gibbs Green Estates (the ‘Estates’).

In the event that an enhanced masterplan does not progress or agreement is not reached, the Conditional Land Sale Agreement (the ‘CLSA’, a binding agreement in relation to the Estates) will remain in place.

Further announcements will be made in due course as appropriate.”

- D.1.4 WKGCH argues that the terms¹⁰⁴ under which LBHF submitted its Request for Determination to the Secretary of State under Regulation 13 of the RTT regulations on 25 September 2015 had materially changed such that they are no longer relevant.
- D.1.5 In response to the WKGCH letter, LBHF and Capco submitted statements confirming that these are commercial discussions. Both parties explicitly stated that the discussions are exploratory and that the position stated in the Request for Determination in September 2015 remains unchanged. More specifically, until an enhanced masterplan is approved (if at all) the existing Earls Court Masterplan, which is dependent on the inclusion of the Estates, is in force.

¹⁰⁴ LBHF submitted its Request for Determination on 25 September 2015. It considered it essential for the WKGCH Estates to be included in the Earls Court Masterplan as their exclusion would have significant detrimental impacts on the provision of housing services within the LBHF area or on the regeneration of the local area.

- D.1.6 The Conditional Land Sale Agreement (CLSA) also remains in place until such time as any enhanced masterplan is progressed and agreed. At this stage therefore, the enhanced masterplan is an option for discussion. It has no status other than this and none of the evidence submitted suggests otherwise.
- D.1.7 Further to these submissions, the WKGGCH submitted an additional statement, responding to the points raised by LBHF and Capco in their statements.
- D.1.8 [Table D-1](#) summarises the additional evidence submitted by WKGGCH, LBHF and Capco. It notes its relevance and links with evaluation criteria used in the socio-economic impact assessment, as well as any evidence gaps.

Table D- 1 Additional Evidence: Summary

Date	Author	Name	Contents	Relevance	Links with the criteria for evaluation	Gaps
13 Dec 2017	WKG GCH	Letter submitted to the Secretary of State	<p>Letter from WKG GCH to the Secretary of State</p> <p>Letter from LBHF to the Estates' residents notifying them of the potential changes to the Earls Court Masterplan and the CLSA</p> <p>Capco announcement that the Earls Court Masterplan could change with implication for the Estates</p>	Highly relevant. Informs of potential changes to the Earls Court Masterplan (as developed by Capco in agreement with LBHF) and the future development of the Estates	This evidence indicates that the Earls Court Masterplan could change with potential impacts on the findings of the socio-economic evaluation	No information currently available on the nature and scale of potential changes to the Earls Court Masterplan to be able to evaluate impact
12 Jan 2018	Capco	Further statement of evidence	Further statement in response to a letter dated 20 December 2017 from DCLG to LBHF	Highly relevant. Confirms that the Estates remain part of the Earls Court Masterplan and that elements of the Earls Court regeneration scheme (outside the Estates immediate area) are progressing in line with the programme while commercial discussions with LBHF are taking place	<p>Confirmation that the Estates remain part of the Earls Court Masterplan</p> <p>Overview of progress since 2016</p>	
12 Jan 2018	LBHF	Letter submitted to DCLG in response to WKG GCH's further statement of evidence	Letter from LBHF to DCLG in response to WKG GCH's letter to the Secretary of State dated 13 December 2017	Highly relevant. Confirms LBHF grounds for Request for Determination under Regulation 13 of the RTT regulations (submitted on 25 September 2015 Statement) remain unchanged and that, unless an enhanced Earls Court Masterplan is consented, the CLSA arrangements will remain (i.e. no change to the existing arrangements)	Confirmation that the CLSA arrangements are still in place, which means that the Estates will be handed over to Capco on a phased basis unless commercial discussions regarding an enhanced masterplan are successful	
2 Feb 2018	WKG GCH	Further statement of evidence in response to submissions from LBHF and Capco	<p>Further statement in response to submissions from LBHF and Capco dated 12 January 2018</p> <p>Letter from LBHF to Estates' residents dated 29 December 2017 noting that Council views the Earls Court Masterplan as 'unviable'</p> <p>LBHF Press Release dated 18 January 2018 noting that Council views the Earls Court Masterplan as 'undeliverable'</p> <p>RBKC Deputy Leader's Statement on the Earls Court Scheme at Full Council meeting on 24 January 2018</p>	Limited relevance. At this stage, the viability and deliverability of the Earls Court Masterplan are out of scope		No substantial evidence provided to support statements that the Earls Court Masterplan and the CLSA are unviable and undeliverable

Key Issues

D.1.9 The additional evidence highlighted a number of key points that could potentially affect the conclusions reached in the original socio-economic report of Feb 2017. These are considered in Table D- 2 below.

Table D- 2 Additional Evidence: Key Points Summary

Issue raised	Comment
<p>Proposal for a new enhanced masterplan for the Earls Court Regeneration Area</p>	<p>At this stage, there is no public information setting out the detail of the enhanced masterplan. No further information regarding the nature of the proposed enhanced masterplan was submitted by Capco or the Council. As such, there is no evidence available providing an indication of any proposed changes in development densities across the Earls Court Masterplan, and no indication of particular areas within it that might be affected or how the overall composition of the existing Masterplan might change, e.g. changes in the balance between uses or the tenure composition. In the absence of any definition and the high level of uncertainty regarding the enhanced masterplan, any assessment of the likely impacts of Estate stock transfer are limited to qualitative speculative comment</p>
<p>The potential outcome of current commercial discussions between Capco and LBHF regarding an enhanced Earls Court Masterplan would be that the Estates will be returned to the Council's ownership</p>	<p>At this stage, there is no clear indication of whether the Estates will remain, or not, part of the Earls Court regeneration scheme even if they were to return to LBHF's ownership or whether LBHF's regeneration plans would change were the Estates to return to its ownership. Without any key information regarding the scale/nature/composition of the enhanced masterplan and the high level of uncertainty over the future of the WKGG Estates regeneration, there is insufficient evidence to undertake an assessment of the potential impacts of the Estates stock transfer in an enhanced masterplan scenario.</p>
<p>Viability and deliverability of the existing Earls Court Masterplan</p>	<p>Viability assessment of the Earls Court regeneration scheme does not form part of the socio-economic impact assessment under Regulation 13. Viability and deliverability of the Earls Court regeneration scheme, whether the existing Masterplan or the potential enhanced Masterplan, will be considered by LBHF and RBKC as part of the due process for assessing detailed planning applications to be submitted by Capco in the future as the scheme progresses.</p>

Impact on 2017 Recommendations

D.1.10 The February 2017 socio-economic evaluation made the following recommendations:

- **Provision of housing services in LBHF:** the February 2017 report¹⁰⁵ found insufficient grounds to conclude that the Estates stock transfer will have a significant detrimental impact on the Council's

¹⁰⁵ Paragraphs 4.3.11 – 4.3.13.

ability to provide housing services for its remaining housing stock. Based on the additional evidence submitted and the considerations given in Table D- 2 above, this remains the case.

- **Concrete progress of the regeneration scheme:** the February 2017 report¹⁰⁶ included a timeline of the progress made by LBHF and Capco in relation to the Earls Court regeneration scheme. The evidence submitted was sufficient to conclude that the Earls Court regeneration scheme was making concrete progress. On 12 January 2018, Capco has submitted additional evidence demonstrating further progress since 30 June 2016, albeit necessarily limited to sites outside the Estates:
 - 2017: Enabling works for Building D, Lillie Square (i.e. the first replacement homes to be provided under the CLSA) have been completed by Capco;
 - 2017: Discussions between Capco with LBHF to explore how the CLSA arrangements can be enhanced;
 - November 2017: Capco launched a pop-up local high street for the Earls Court regeneration scheme named 'West Brompton Crossing';
 - December 2017: Capco made £15m payment to LBHF pursuant to the CLSA (additional to £15m payment made in December 2016);
 - February 2018: Enabling works for the second phase of the Lillie Square development carried out by Capco.
- **Regeneration of the Earls Court Opportunity Area:** the February 2017 report¹⁰⁷ identified sufficient grounds to conclude that the Estates stock transfer will have significant detrimental effects on the regeneration of the area. Based on the additional submission and the considerations identified in Table D- 2 above, there is no additional evidence regarding the scope/nature/composition of the enhanced masterplan to be considered. As such, the initial socio-economic assessment and its conclusions remain, i.e. there remains sufficient ground to conclude that the Estates stock transfer will have significant detrimental effects on the regeneration of the area.

Conclusions

D.1.11 The assessment of the potential impacts of the proposed Estates stock transfer has been based on the submitted evidence. While this assessment acknowledges that commercial discussions between LBHF and Capco are taking place, the details and outcome of these discussions are not known.

D.1.12 Based on the available evidence, the recommendations made in the 2017 socio-economic evaluation remain unchanged, namely:

- There is insufficient ground to conclude that the Estates stock transfer will have a significant detrimental impact on the Council's ability to provide housing services for its remaining housing stock. Until such time as an enhanced masterplan has been proposed and agreed, the development proposals of the existing Earls Court Masterplan and contractual obligations in relation to the CLSA remain in place;
- There is sufficient ground to conclude that the Earls Court regeneration scheme is making concrete progress;
- There is sufficient ground to conclude that the Estates stock transfer will have significant detrimental effects on the regeneration of the Earls Court Opportunity Area.

¹⁰⁶ Paragraphs 5.2.9 – 5.2.11.

¹⁰⁷ Paragraphs 5.8.1 – 5.8.5.

D.1.13 This analysis is based on the assumption that were Estates stock transfer to proceed, the proposals outlined in the Earls Court Masterplan for those areas outside the Estates would progress independently and as envisaged by the Earls Court Masterplan. This may be termed a best-case scenario. As the viability of wider regeneration masterplan delivery may be affected by the reduction in residential development implicit in the stock transfer proposals, this may not be the case. Should there be a reduction in deliverables outside the Estates area this may have further detrimental effects on area regeneration, additional to those assessed here. However, whilst this tends to reinforce our conclusion that the Estates stock transfer will have significant detrimental effects on regeneration, we make clear that we would reach this conclusion even on the best-case assumption that the transfer will not affect the viability of the remainder.

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