

## SCRUTINY PANEL MEETING 17<sup>TH</sup> JULY

### CAPITAL RISK - EDUCATION AND LEISURE MIXED-USE SCHEMES

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#### 1.0 Introduction

- 1.1 The reduction in Central government funding has led us to think more innovatively about maximising the value of our estate. This has included taking forward schemes that look to self-fund or part-fund through the co-location of private for sale residential units with public infrastructure.

#### 2.0 Nile Street and Tiger Way

- 2.1 Construction began on the first Council-led mixed use schemes in December 2016. These consist of:
- At Nile Street, a purpose-built facility for New Regents College (as the final part of the Council's commitment to rebuild or refurbish the secondary school and special school estate under the building schools for the future programme) alongside 175 private for sale residential units
  - At Tiger Way, a two form of entry school for an expanded Nightingale Primary School alongside 89 private for sale residential units.
- 2.2 The viability of these schemes were considered together at Planning sub-committee as they are intrinsically linked with the proceeds from Nile Street required to meet the estimated funding gap on Tiger Way. Taken together in addition to two new education facilities they are estimated to contribute around £12m to affordable housing as well as substantial improvements to the public realm and a £3.5m Hackney CIL payment which will be invested in local infrastructure.
- 2.3 The Council is the developer for both Nile Street and Tiger Way and is therefore taking the sales risk of a total of 264 residential units with a total sales value of approximately £230m. Sales estimates were subject to third party review throughout the development of the project but they are of course a moving target, more so post the Brexit referendum.
- 2.4 Practical completion is due at Tiger Way in March 2019 and November 2019 for Nile Street. On the latter there will be a phased completion with New Regents College lower school due to take occupation in April 2019. Both builds are currently on programme.
- 2.5 Sales strategies have been developed for both schemes focussing on local sales first and with some off-plan sales anticipated. The first release of units are planned at the end of this calendar year. Sales are anticipated to continue through to and beyond practical completion. In the current uncertain climate it is difficult to forecast what the end position on sales revenues will be with a close degree of accuracy. Although we will of course continue to closely monitor the market through our development advisers and sales agents on these schemes.

### **3.0 Britannia**

3.1 The Council consulted on a development proposals for the Britannia site from December 2016 through to February 2017. After assimilation and review of the consultation responses, Cabinet agreed in April 2017 to progress a scheme at Britannia that will deliver:

- A brand new modern leisure centre to replace the current Britannia leisure centre which has come to the end of its useful life and is inefficient to maintain.
- In partnership with the City of London, a six form of entry secondary school with sixth form (a total of 1100 pupils) to meet the growing demand for secondary school places in the borough.
- At least 80 affordable homes.
- Approximately 400 private for sale units to part fund the leisure centre, school and affordable homes.
- Investment in Shoreditch Park Primary School, an existing 2FE primary school on the Britannia site.

3.2 The Council has secured funding from the Education and Skills Funding Agency (c. £22.5m) to part-fund the delivery of the secondary school but receives no funding for the replacement of the leisure centre or the affordable homes. The Council estimates that it will also need to make a significant contribution to the cost of the build, without which the number of private or sale units would exceed 550, which is simply not desirable or practical on the site.

3.3 Post-Cabinet approval a project team has been assembled to progress the project with a masterplan application and full planning applications for the school and the leisure centre anticipated in Spring next year. The team incorporates financial experts/modellers whose remit includes to advise and model various sales scenarios, development advisors to inform the sales strategy and specification for the private for sale homes, as well as the range of technical expertise required to develop each phase of the scheme.