

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2613

### Title: Perceval House, Ealing

#### Executive summary:

In 2018, the Mayor secured £486m from the government's Land Assembly, Small Sites and Accelerated Construction Funds, as strands of the Mayor's Land Fund, to help deliver 8,000 housing completions by 2030.

This was approved by Mayoral Decision (MD) 2396, giving standing delegation to the Executive Director of Housing and Land to approve its allocation in accordance with the terms associated with the programmes and in pursuit of the Mayor's housing ambitions.

This decision requests approval of a £17m grant to the London Borough of Ealing for public infrastructure funding at its Perceval House scheme, expected to deliver 477 completed homes (including 226 affordable homes) before March 2030.

#### Decision:

That the Executive Director of Housing and Land approves expenditure of up to £17m of grant funding to the London Borough of Ealing, on terms outlined in this Decision Form, from the Land Assembly strand of the Mayor's Land Fund under MD2396. This is to assist in the delivery of public infrastructure and enable the delivery of new homes, including affordable homes, within the borough's Perceval House scheme.

#### AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** Tim Steer

**Position:** Executive Director Housing & Land

**Signature:**



**Date:**

20/03/2023

## PART I – NON-CONFIDENTIAL FACTS AND ADVICE

### Decision required – supporting report

#### 1. Introduction and background

- 1.1. Mayoral Decision (MD) 2396: Land Assembly, Small Sites and Accelerated Construction Funds, signed in November 2018, approved receipt of funds from the government totalling £486m, as strands of the Mayor's Land Fund, to help unlock and accelerate housing delivery in London through land assembly, infrastructure investment and the provision of gap funding, to support the delivery of 8,000 housing completions in London by 2030.
- 1.2. MD2396 delegated authority to the Executive Director of Housing and Land, in consultation with the Deputy Mayor for Housing and Residential Development, to approve, via a Director Decision, the allocation of new funding in accordance with the terms associated with the Land Fund and in pursuit of the Mayor's housing ambitions.
- 1.3. This Director Decision seeks approval for a £17m grant to the London Borough of Ealing (LBE) from the Land Assembly funding strand of the Land Fund. This is for public infrastructure funding relating to the replacement substation at its Perceval House scheme to avoid a market failure or delay, thus enabling the delivery of 477 completed homes (including 226 affordable homes) before March 2030.
- 1.4. Due diligence has now been completed in respect of the Land Fund proposal, and terms agreed subject to approval and contract, as detailed below and in Part 2.

#### *London Borough of Ealing*

- 1.5. For the purposes of satisfying HM Treasury's Green Book (Green Book)<sup>1</sup> and the subsidy control requirements relating to the GLA's funding, LBE is the beneficiary of the public good arising from the proposed sector-to-sector funding for the economic and social infrastructure, as described in this report, which might otherwise not be viable. Hence, LBE is the grant recipient.
- 1.6. The Mayor has provided considerable support to LBE in recent years, including the largest allocation of affordable homes grant for delivery under Building Council Homes for Londoners; a significant allocation from the Home Building Capacity Fund for feasibility studies; and nearly £20m Housing Zone funding for land acquisition and infrastructure at Southall to secure the direct delivery of 282 affordable homes.
- 1.7. Ealing is the fourth most populous London borough, with around 340,000 residents. It is a strong economic centre with more VAT-registered businesses than anywhere else in West London. There are approximately 18,200 small businesses in Ealing, and over 158,000 local jobs.<sup>2</sup>
- 1.8. The London Plan 2021 designates Ealing town centre as a Metropolitan town centre with high potential for residential and commercial growth; and as a Strategic Area for Regeneration (based on the 20 per cent most deprived Lower Layer Super Output Areas (LSOAs)<sup>3</sup> in England).
- 1.9. According to the Commercial Strategy produced for the scheme by Andrew Sissons Consulting,<sup>4</sup> Ealing has a high-performing and well-run retail centre which is anchored by Broadway Shopping Centre, offering a range of retail, leisure and hospitality outlets. There is a mix of national chains and specialist independent stores on the high street, from Station Road down to Perceval House. The street has minimal void units and is a vibrant area. Dickens Yard is a new mixed-use quarter in the town centre, with high-end small-chain restaurants, and fashion and leisure outlets, but there is a

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<sup>1</sup> HM Treasury/Government Finance Function, [The Green Book: appraisal and evaluation in central government](#), 18 April 2013 (updated 18 November 2022)

<sup>2</sup> Ealing Council, [Statement of accounts 2021-22](#)

<sup>3</sup> LSOAs are geographical areas designed to improve the reporting of small area statistics in England and Wales. They have an average population of 1,500 people, or 650 households. See [dataset](#).

<sup>4</sup> [AND London](#)

significant number of void units. The Commercial Strategy therefore highlights that growing the variety of commercial services and facilities in Ealing is essential to creating a healthier and more sustainable town centre. Evidence shows that high streets offering a wide choice of outlets, alongside well-designed and planned residential and office space, are more resilient and adapt more successfully.<sup>5</sup>

- 1.10. Based on Simpson's Diversity Index<sup>6</sup> scores in 2011, LBE was ranked the third most diverse of any local authority in England and Wales. It was ranked fourth for the number of residents born in EU accession countries, and fifth for residents born outside the UK. In London, Ealing has the most Panjabi speakers (17,000) and Polish speakers (15,000).<sup>7</sup>
- 1.11. LBE is identified as one of the more deprived local authorities in England.<sup>8</sup> The data also shows that LBE ranks within the 25 per cent most deprived local authorities in England against barriers and living environment indicators. LBE also ranks within the top 50 per cent deprived local authorities against income and crime indicators. The only indicators against which LBE is not considered more deprived (ie, more than 50 per cent) than the national average are education, health and employment.
- 1.12. The Public Health England Local Authority Health Profile (2019)<sup>9</sup> for Ealing shows that the borough generally scores better than the England average for most health indicators, including life expectancy at birth for men and women (1.3 years and 1.4 years greater than the national average, respectively). However, this varies between areas: in the most deprived areas of Ealing, life expectancy is 3.9 years lower for men and 2.7 years lower for women than in the least deprived areas.
- 1.13. Ealing scores significantly worse than the national average against only six out of 34 indicators, including behavioural factors such as alcohol-related harm. Childhood obesity, tuberculosis and diagnosis rates of sexually transmitted infections were similarly identified as being significantly worse than the England average. Some of the wider determinants of health, such as rates of homelessness and hospital admission for violence, are also significantly worse than the England average.
- 1.14. In 2011, Ealing residents were slightly less well qualified than Londoners as a whole, and levels of economic activity were marginally lower. This trend has continued, with 2021 Office of National Statistics data indicating that 6.6 per cent of Ealing residents are economically inactive, compared with 5.8 per cent for London as a whole.
- 1.15. The Annual Survey of Hours and Earnings indicates that earnings for Ealing residents fall below those for Londoners as a whole, particularly for males working full-time. Annual median pay for all Ealing workers was £28,996, compared with £31,766 for all Londoners.

#### *Perceval House scheme*

- 1.16. LBE's town centre offices and customer services centre, located at Perceval House, 14-16 Uxbridge Road, Ealing, London, W5 2HL,<sup>10</sup> were constructed in 1982. The freehold site of 1.36 hectares includes the Copley Dene 11kV electricity distribution substation located to the north of the site (275.5 square metres), and part of it is leased to Scottish and Southern Energy (SSE). There are also open-surface parking spaces for 120 cars. LBE employs about 3,010 full-time workers at Perceval House<sup>11</sup> and Ealing Clinical Commissioning Group occupies part of the building.

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<sup>5</sup> MHCLG, [Future High Street Fund](#), 29 October 2018

<sup>6</sup> Although commonly used to measure biodiversity, Simpson's Diversity Index can also be used to gauge diversity differences of populations in schools, communities and other locations.

<sup>7</sup> Census 2021 release on Ethnicity, National Identity, Language and Religion, December 2022.

<sup>8</sup> DCLG, Index of Multiple Deprivation (IMD), 2015. The borough has an overall IMD score of 105 (against a score of one for the most deprived local authority area). See: Ealing Council, [Indices of deprivation for Ealing](#).

<sup>9</sup> Public Health England, [Local Authority Health Profiles](#)

<sup>10</sup> Google Maps, [Perceval House](#)

<sup>11</sup> Stantec UK Limited Environmental Statement, Volume 1: Main Report, August 2020, para.7.5.9

- 1.17. The redevelopment of Perceval House is a key outcome for LBE. In 2014, it identified an opportunity to redevelop the site to achieve the following priorities:
- increasing the supply of homes, especially against its pledge to deliver 4,000 new safe and genuinely affordable homes
  - reducing operating costs to allow more funding to be directed to frontline services
  - improving the accessibility of public services
  - creating more sustainable, environmentally friendly office accommodation to reduce its impact upon the environment.
- 1.18. In October 2015, LBE’s Cabinet received a report titled ‘The Future of Perceval House’, and as a result resolved to invite and evaluate competitive tenders for a joint venture partner for the redevelopment and the delivery of new homes in the borough. Pursuant to this, the Cabinet resolved in July 2017 to select Galliford Try Partnerships, later known as Vistry Partnerships (VP) as its preferred partner. VP became LBE’s appointed developer under a development agreement dated 15 February 2019. On 11 November 2022, VP combined with Countryside Partnerships, with the extended business under the Vistry Group set to deliver 18,500 homes a year – making it the largest developer in the country.<sup>12</sup>
- 1.19. The planning permission for the development was granted on 22 December 2021<sup>13</sup> to Emerald (Ealing) LLP, the joint venture company for the scheme; LBE appropriated<sup>14</sup> the site for planning purposes on 23 December 2021. An application for permission to apply for judicial review of the planning decision was refused on 19 May 2022 in the High Court, and the period for appeal against that refusal has lapsed.
- 1.20. The development is described in the decision notice as consisting of the demolition of the existing buildings, and a phased redevelopment of the site to provide a mixed-use development. This would comprise: a replacement civic centre with community-use offices; a relocated public library; flexible office and commercial accommodation; non-residential floorspace; below-ground ancillary space (plant, car and cycle parking space, etc); 477 dwellings, to include 50 per cent affordable homes in six blocks (including a residential tower of 26 storeys); replacement of an existing SSE electricity sub-station; associated landscape and public realm works; and the provision of new pedestrian and vehicle access.
- 1.21. Much of the site has a public transport accessibility level (PTAL) of 6a, within a range of 1 to 6, where 6b is the highest PTAL. This is due to the proximity of Ealing Broadway Station (about 600 metres to the north-east) and West Ealing Station (about 970 metres to the west) along with multiple bus services that run along Uxbridge Road and stop close by. The stations in the borough cover mainline rail services, TfL rail, underground Central and District Lines, and the Elizabeth Line at five stations. There are approximately 15 bus services accessible within a 500-metre radius during peak hours.
- 1.22. The GLA strongly supports the uses proposed for the redevelopment of this “well-connected site within a Metropolitan town centre”, which provide “clear, substantial, and genuine public benefits”. These benefits are as follows (not including the links to the Mayoral strategies and priorities summarised at 4.2 to 4.7,below):

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<sup>12</sup> Countryside Partnerships, [Vistry Group](#)

<sup>13</sup> Ealing Council, [Search for a planning application](#), planning application reference no. 203275FULR3

<sup>14</sup> LBE has the power to appropriate land under section 122 of the Local Government Act 1972, where the land is no longer required for the purpose for which it is held immediately prior to its appropriation. Where land has been appropriated for planning purposes, LBE may dispose of the land under section 233(1) of the Town and Country Planning Act 1990 to secure the best use of that land, or to secure the construction of buildings needed for the proper planning of the area.

- Regeneration of the site to provide new dwellings and replacement civic offices (100,000 square feet), customer services and a relocated library (30,000 square feet) in this highly accessible town centre location.
- Policy-compliant affordable housing (by habitable room) in an appropriate range of unit types including family-sized units, with a mix of genuinely affordable homes comprising London Affordable Rent (LAR) and Discount Market Rent (DMR), held in perpetuity.
- Policy-compliant accessible and adaptable homes.
- Replacement of an inefficient public building with policy-compliant, energy-efficient buildings.
- Creation of mixed commercial floorspace for a range of town centre uses.
- New jobs, training and apprenticeships in construction and training.
- Improvements to air and environmental quality from removal of the surface-level car park, and provision of a car-free development.
- New public realm and pedestrian/cycle-friendly connections through the site.
- Public benefits arising from the Section 106 agreement<sup>15</sup> contributions.<sup>16</sup>

- 1.23. LBE, as the landowner, will retain the freehold of the site on completion of the redevelopment; and hold the civic centre under its General Fund, and the affordable homes under its Housing Revenue Account, to be let by it as affordable housing. It has an option to purchase the lease of the ground-floor commercial space. Countryside Partnerships or its nominee will take a 250-year lease of the private homes, prior to disposal to subsequent purchasers. There will be an estate management company with a long-leasehold interest in the finished scheme.

#### *Affordable housing*

- 1.24. In the Section 106 agreement, 226 dwellings are to be provided as the affordable housing in the development, comprising 47 per cent by number (31 per cent LAR and 69 per cent DMR) and 50.5 per cent by habitable room (34 per cent LAR and 66 per cent DMR). These affordable homes comply with GLA minimum space standards and London Plan Policies as to accessibility and inclusive design; and are located within three separate blocks (B2, B3 and B5). These blocks are made up of 99 homes with one bedroom; 99 with two bedrooms; and 28 with three bedrooms.
- 1.25. The DMR homes will be offered at a range of market-rent discounts of less than 80 per cent, in line with eligibility determined by income criteria given to key workers living in the borough. Some of these homes are to be benchmarked to London Living Rent (40 homes in phase two, and possibly another five homes in a later phase). This will offer more choice to people on modest incomes who would benefit from an affordable home in this central location; and will make them affordable to a larger number of families looking for homes in the borough.

#### *Scottish and Southern Energy substation*

- 1.26. The replacement SSE substation is to be located in the basement of the proposed civic centre block, in a bespoke, acoustically treated enclosure, with service access taken from the public realm to the north of the new civic centre. VP completed a 'point of connection' agreement with SSE in November 2022, which secures the necessary electricity supply for the scheme.

<sup>15</sup> Agreement dated 22 December 2021 under 106 of the Town and Country Planning Act 1990.

<sup>16</sup> GLA Stage, 2 Planning report 2020/6744/S2, 24 May 2021.

- 1.27. The construction of the basement for the civic centre (block B7) to house the SSE substation is due to start in July 2023 and end in August 2024. The superstructure completion date is November 2025.
- 1.28. This allows for the SSE substation to be delivered in phase one, so that it becomes operational prior to the start of phase three (July 2027), when the existing Copley Dene substation is decommissioned. This ensures the continuity of the substation's vital function in providing power to 30,000 homes. It also facilitates a comprehensive redevelopment to optimise the delivery of the new homes, as the Copley Dene substation is on the part of the site that provides the most height and density for the scheme.
- 1.29. Given the age of the Copley Dene substation, it is not possible to replace the substation on a like-for-like basis; and the replacement SSE substation could potentially include an element of enhancement, as detailed in 1.30, below. The value assigned to this (when known) should fall on SSE, so that the proposed grant does not directly cover any element that relates to betterment of the utility.
- 1.30. SSE is considering improving the resilience of the substation and how it could help with capacity issues in West London.<sup>17</sup> This involves two active transformers, and a third spare transformer for resilience and future proofing capacity. The proposed grant could therefore indirectly create a betterment opportunity.
- 1.31. As part of the procurement process to select the developer for the scheme in 2019, LBE required bidders to use its assumption as to the costs of providing a replacement substation. It is not uncommon for local authorities to mandate that bidders adopt particular cost assumptions for infrastructure, and/or planning requirements for development opportunities.
- 1.32. The assumption was based on an off-site above-ground replacement, which subsequent investigation established was not feasible because of the route of the existing power supply lines and the lack of adjacent available sites that met planning requirements. VP's bid had the civic centre on the commercial frontage of the site, which created the opportunity for the substation to be located in its basement, based on the then-known configuration requirements of the utility provider. However, these requirements subsequently changed, resulting in a redesign of the basement to increase the spatial requirements to two storeys.
- 1.33. Both LBE and VP acted in good faith, in that LBE made a rational assessment following external advice and early engagement with SSE about the likely cost of a replacement substation, and required all bidders to make the same assumption about the cost of delivering that infrastructure. However, the assumption made by LBE, and mandated to be incorporated into VP's bid, is now materially and significantly an underestimate of the present cost, due largely to the changing requirements as set out in 1.32, above.
- 1.34. The SSE substation cost has consequently increased by £17m – from the provisional sum assumed in the 2019 bid, to the present cost estimate of £24.04m as detailed in Part 2, hence the grant request. However, the estimate is not a fixed price and LBE/VP will be liable to SSE in full for the actual costs if these are higher.

#### *Green Book*

- 1.35. To qualify for Land Assembly funding, the scheme must meet one or more of the market failure conditions set out in the Green Book justifying public sector intervention.
- 1.36. The Green Book is guidance for all public servants who are concerned with proposals for the use of public resources on how to appraise policies, programmes and projects. It is not a mechanical or deterministic decision-making device; but it provides approved thinking models and methods to

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<sup>17</sup> Infrastructure Coordination/GLA, [West London Electrical Capacity Constraints](#)

support the provision of advice to clarify the social or public welfare costs, benefits and trade-offs of alternative implementation options for the delivery of policy objectives.

### *Infrastructure*

- 1.37. In the Green Book supplementary guidance on valuing infrastructure spend (Green Book guidance on valuing Infrastructure),<sup>18</sup> infrastructure is the generic term for the basic physical structures and assets needed for the operation of our society and economy. In practice, individual structures, and assets form part of extensive and interdependent sets of infrastructure networks and systems. Ultimately, it is these infrastructure networks and systems as a whole that underpin the effective operation of our modern economy; and infrastructure spend should be valued and considered within this systemwide context.
- 1.38. Infrastructure consists of networks providing goods and services that are fundamental for economic activity to take place in today's society. As a result, infrastructure has the potential to influence both the level and the location of economic growth. For example (as in this case), it may provide access to or use of land for new housing or development, enabling new economic activity. The ability of infrastructure to support and enable new activity and outcomes that may not have previously been possible is referred to as a 'non-marginal effect'.
- 1.39. Non-marginal effects can potentially lead to transformational impacts, particularly at a local level. Infrastructure opens up new labour and product markets, facilitating connections between employees and business, between businesses and consumers, and amongst businesses; and can result in innovation.
- 1.40. A distinction is sometimes made between different types of infrastructure, for example economic and social infrastructure. Economic infrastructure includes transport, waste management, energy (in this case, the SSE substation), communications, water and sewerage, and flood and coastal-erosion management. The supplementary guidance is of particular relevance, and makes specific reference, to economic infrastructure. However, it can be similarly applied to other sectors within social infrastructure such as schools, prisons, courts, hospitals (affordable housing and civic buildings), and regeneration projects more broadly.
- 1.41. The SSE substation is an item of strategic infrastructure that will benefit other users beyond the site. There will therefore be wider beneficiaries of the infrastructure free riding (see 1.44, below): they are not funding the development of the SSE substation.
- 1.42. It is also new economic infrastructure, intrinsic to the transformational delivery of social infrastructure in the form of affordable housing, the civic centre, the library, etc, which the GLA can fund directly or indirectly. The non-marginal effects of this infrastructure generate significant additionality as evidenced in this report, thus qualifying as public good.

### *Public good characteristics*

- 1.43. In the Green Book guidance on valuing infrastructure, public goods are those that are 'non-rivalrous' and 'non-excludable' to some extent, when used or consumed. Non-rivalrous means that the consumption of the good by one individual does not prevent another individual using that good (such as the library). Non-excludable means that if a good is made available to one individual, it is effectively made available to everybody, for example due to difficulties in restricting access to the good or charging for its use (such as the civic centre). These characteristics may not be valid for some types of infrastructure, or may only be valid at certain levels of consumption.
- 1.44. Non-excludability can result in free riding, whereby consumers fail to pay for the provision of goods because they expect others to do so. This means that the market, left to its own devices, will tend to

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<sup>18</sup> Infrastructure and Projects Authority/HM Treasury, [Green Book supplementary guidance: valuing infrastructure spend](#), 21 April 2013 (updated 18 November 2022)

provide less than the socially optimal level of infrastructure. This also makes it difficult to determine the appropriate form and level of public sector spending on some infrastructure projects.

#### *Market failure*

- 1.45. The term 'market failure' acknowledges that markets do not deliver the optimal solution in all situations, as described in 1.44, above. The Green Book's market failure conditions encompass a broad range of social and economic factors, including "public good/free rider problem (viability gap/benefits not fully reflected in private land values)" and "coordination failure (between promoters)".
- 1.46. The scheme exhibits the above-mentioned market failure conditions insofar as the exceptional cost of the infrastructure for the public good hinders the viability of the development, and there will be beneficiaries who will not help to fund it. In the absence of agreement as to how to address this market failure, the timely delivery of housing and other social infrastructure becomes less likely, and sub-optimal outcomes for society are generated.
- 1.47. The scheme also exhibits several examples of market failure under the Land Assembly Fund (LAF) programme, indicating stronger justification for the GLA's intervention. These examples are as follows:
  - Public good/free rider problem:
    - The scheme requires a significant amount of infrastructure that benefits multiple scheme promoters/the wider public
    - The infrastructure required will not be provided by another statutory body
    - The infrastructure will be funded by a variety of stakeholders
    - The nature of the site (scale, layout, access) allows significant housing delivery acceleration.
  - Coordination failure:
    - There are two or more scheme promoters (landowners or others), with competing or incompatible objectives
    - Scheme promoters have been unable to agree a basis for equalising costs and values across the site/phases (required where there is an imbalance in costs and receipts across the scheme, resulting in some scheme promoters being winners and others being losers)
    - The local planning authority requires a comprehensive development scheme
    - A comprehensive development scheme delivers greater housing outputs.

#### *Benefit-cost ratio*

- 1.48. In the Green Book, benefit-cost ratio (BCR) remains the summary metric used for comparing projects' value for money across all measures of spend, and should be used when projects involve central government funding. Supplementary analysis for the purposes of prioritising projects should be used where relevant; for example, where there are non-marginal impacts that cannot be included in the BCR due to the potential for double counting, or displacement (rather than additionality). This report therefore contains detailed supplementary analysis to allow such information to be considered as part the decision-making process.
- 1.49. All LAF interventions must represent good value for money and be capable of achieving a BCR metric of 1.5, with appraisals being carried out in accordance with the Green Book.



- 1.50. The Land Fund Investment Strategy states that, for investments that do not require Investment Committee approval, a series of evaluation metrics will be used to analyse return on investment. GLA officers must therefore run cost-benefit evaluations on proposals to determine wider return on investment parameters, including social benefit, delivery of social capital, land value uplift, regeneration impact and delivery of affordable homes.
- 1.51. Following the GLA's BCR ready reckoner, the scheme can achieve a metric of 1.5 based on the present figures as contained in Part 2. Helpfully, the outcome is comparable to that obtained when using the BCR's internal data as if the present figures were not known. However, that data has limitations in evaluating the full public cost-benefit of this scheme as outlined in this report. Avison Young was therefore commissioned by VP, on the GLA's behalf, in December 2022 to provide a bespoke BCR that can fully reflect these issues in the case of market failure. Avison Young's draft BCR report concludes that the scheme achieves a metric of 1.87, representing medium value for money in the BCR value-for-money categories.

## **2. Objectives and expected outcomes**

- 2.1. The Land Fund supports several strategic objectives, including to: support opportunities to bring land forward for housing development more quickly; ensure that GLA investment delivers optimal, policy-compliant levels of affordable housing with at least 50 per cent affordable housing on public land sites; work with partners to fund land, infrastructure and enabling works costs for schemes where additional affordable housing may be possible, or where acceleration may be achieved with additional investment; and ensure that more of London's planned and permissioned housing opportunities are proactively supported through to delivery, especially where these are stalled.
- 2.2. These objectives are delivered through: working closely with boroughs and partner providers to identify and analyse opportunities to unlock and assemble sites; prioritising interventions where GLA investment genuinely unlocks or drives pace into schemes; and injecting capital via direct land acquisition, debt finance or early investment into infrastructure, remediation or other enabling works.
- 2.3. The overarching objective of the LAF is for the GLA to acquire, assemble and/or de-risk private and public sector sites, and make them attractive for rapid residential and housing-led development.
- 2.4. One of the Mayor's strategic objectives is to identify and bring forward more land for housing and to deliver more genuinely affordable homes. The approved development is expected to unlock 226 new affordable homes (50 per cent by habitable rooms) on an underused public site, delivering 477 new homes in total in Ealing against LBE's 10-year London Plan<sup>19</sup> housing target of 21,570 homes.
- 2.5. The equality, health and sustainability for Londoners will be advanced by this increase in the availability of good-quality, genuinely affordable housing in the borough.
- 2.6. The scheme will contribute 13.6 per cent of the homes needed to meet the LAF target of 3,500 homes in total by March 2030; and deliver one of the Mayor's London Plan objectives to maximise density in sustainable locations.
- 2.7. Overall, the development proposes a high-quality, residential-led, mixed-use regeneration of a previously developed site, whilst achieving strategic and local regeneration and spatial objectives. It delivers a high-quality, modern, new and mixed civic and commercial floorspace, and affordable and market housing, to a high standard with a good mix of unit sizes that comply with adopted standards in an appropriate mix of tenures.<sup>20</sup>

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<sup>19</sup> GLA, [The London Plan 2021](#), March 2021

<sup>20</sup> LBE's Regulation 30 Statement – Information to Accompany Decisions (Town and Country Planning (Environmental Impact Assessment) Regulations, 2017)

- 2.8. The scheme will build cross-public sector cooperation to maximise land released for housing by a public landowner, which otherwise would be delayed or might not come forward because of the viability issues associated with abnormal infrastructure costs.

### 3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, the Mayor and GLA are subject to the public sector equality duty and must have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Equality Act 2010
  - advance equality of opportunity between people who share a relevant protected characteristic and those who do not
  - foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage/civil partnership status. The duty involves having appropriate regard to these matters as they apply in the circumstances, including having regard to the need to: remove or minimise any disadvantage suffered by those who share or is connected to a protected characteristic; take steps to meet the different needs of such people; encourage them to participate in public life or in any other activity where their participation is disproportionately low.
- 3.3. The allocation of the funding in this report implements the policies of the Mayor's London Housing Strategy (LHS). An equality impact assessment made the following finding:
- "[LHS] policies are likely to have broadly positive benefits in relation to social and economic sustainability objectives such as improving health, reducing inequalities, increasing accessibility, and economic development."*
- 3.4. The Mayor's Equality, Diversity and Inclusion Strategy was issued in May 2018. The first chapter is entitled "A Great Place to Live". Priority outcome 1.1 in the vision refers to delivering affordable, accessible and decent homes. The funding outlined in this report will help deliver new affordable housing. This in turn helps to implement the requirements for new housing set out in the London Plan.
- 3.5. The housing shortage in London disproportionately affects people with certain protected characteristics, the particularly relevant groups being Black, Asian and Minority Ethnic groups;<sup>21</sup> children and young people; low-income households; disabled people; migrants; and refugees. Increasing the supply of affordable, accessible and decent housing helps to achieve positive impacts for those groups in line with the priorities of the Mayor's Equality, Diversity and Inclusion Strategy.
- 3.6. The delivery of affordable homes at Perceval House is therefore likely to help people with these protected characteristics, as they are disproportionately represented among those in need of affordable housing. This is in part because they are more likely to experience homelessness or overcrowding, or to have low incomes that make it difficult for them to afford market housing.<sup>22</sup>
- 3.7. Social housing makes an important contribution to addressing these inequalities because it is allocated on the basis of need. For example:

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<sup>21</sup> GLA Housing Research Note 8, Housing and race equality in London

<sup>22</sup> London Datastore, [Equality, Diversity and Inclusion Evidence Base for London](#)

- about half of the households that were new to social housing in 2019-20 were homeless or threatened with homelessness
  - social housing meets local needs: a large majority of households moving into social housing in a given London borough were previously living in the same borough
  - 74 per cent of households moving into general needs housing in London in 2019-20 were headed by someone of Black, Asian or other Minority Ethnic origin, explained by the fact that these communities experience much higher rates of housing need.
- 3.8. On the whole, social housing is well targeted at those in housing need – but the number of lettings each year has fallen over time. One factor here is that fewer households are moving out of social housing and into private housing, probably due to rising costs. Furthermore, there is clearly not enough social housing available to meet all of London’s acute housing needs.<sup>23</sup> In Ealing, 18 per cent of households are socially rented, compared to 24 per cent for London overall.<sup>24</sup>
- 3.9. The scheme complies with London Plan Policies D5 and D7. These respectively require that all new development achieves the highest standard of accessible and inclusive design, and can be used safely, easily and with dignity by all; and that 90 per cent of new housing meets Building Regulation requirement M4(2), ‘accessible and adaptable dwellings’, and 10 per cent meets Building Regulation requirement M4(3), ‘wheelchair user dwellings’ (that is, it is designed to be wheelchair-accessible or easily adaptable for residents who are wheelchair users).
- 3.10. The construction of this well-connected town centre scheme, and the delivery of the civic and commercial space, are expected to create and support employment in the local area (as outlined in 4.8 to 4.10, below). This could benefit individuals and families with protected characteristics such as young people, low-income households, and working disabled Londoners. Nearly half of this last group agree that the transport network affects their ability to get to work.<sup>25</sup>
- 3.11. The Health Impact Assessment (HIA) (see 4.12 to 4.15, below) found that, overall, the development will predominantly result in beneficial health effects; positive health impacts had been identified for all assessment criteria; and no disproportionate negative effects to vulnerable groups had been identified (including those with protected characteristics).
- 3.12. To access the grant funding, LBE will enter into a grant agreement with the GLA that places an obligation on it to have and comply with a policy covering equal opportunities, designed to ensure that discrimination prohibited by the Equality Act 2010 is avoided at all times. LBE has been reviewing its policies on equality, diversity and inclusion (EDI), having previously focused on compliance with its statutory obligations and duties.<sup>26</sup> It recently submitted a draft EDI action plan to the GLA under the Affordable Housing Programme (AHP) 2021-26. The completion of, and compliance with, that EDI action plan, to the satisfaction of the GLA, will be a requirement of the grant agreement. LBE is also required to publish ethnicity pay gap reports as a funding condition for the AHP 2021-26.

## 4. Other considerations

### *Key risks and issues*

- 4.1. The key risks and issues for the scheme are addressed in more detail in Part 2. These are covered by the proposed terms, milestones and monitoring arrangements, which will be secured as part of the grant agreement, if approved.

<sup>23</sup> Paragraphs 3.7 and 3.8, footnote 20 (above); and GLA Housing Research Note 7, Who moves into social housing in London?

<sup>24</sup> 2011 Census

<sup>25</sup> Footnote 21, p.96.

<sup>26</sup> Ealing Council, [Equality and diversity](#)

### *Links to Mayoral strategies and priorities*

- 4.2. The London Plan 2021 provides an integrated policy framework across housing, social, economic, cultural, environmental and transport policies.
- 4.3. The London Plan is underpinned by the concept of Good Growth – growth that is socially and economically inclusive and environmentally sustainable. It is informed by six Good Growth objectives: GG1, building strong and inclusive communities; GG2, making the best use of land; GG3, creating a healthy city; GG4, delivering the homes Londoners need; GG5, growing a good economy; and GG6, increasing efficiency and resilience.
- 4.4. The LHS contains the policies and proposals to determine how to deliver Good Growth priority GG4, delivering the homes Londoners need. It sets out the policy rationale for the Mayor to take a more interventionist approach in London's land market, with the aims of building more social rented and other genuinely affordable homes; and accelerating the speed of building, including on public land.
- 4.5. The aim of the Land Fund is to contribute to the Mayor's efforts to increase momentum in the delivery of new and affordable housing through various forms of intervention. These will be focused on land acquisitions, unlocking stalled sites, increasing the pace of delivery, improving quality and affordability, and demonstrating the viability and deliverability of new housing models and approaches.
- 4.6. The redevelopment is in accordance with London Plan policies on climate change and the environment and the scheme is expected to provide a carbon offset contribution of £634,713.
- 4.7. The London Recovery Programme,<sup>27</sup> overseen by the London Recovery Board, and co-chaired by the Mayor, has identified a grand challenge to restore confidence in the city; minimise the impact on communities; and build back better the city's economy and society. It has nine Recovery Missions including Building Stronger Communities, Helping Londoners into Good Work and High Streets for All. This scheme will help meet that grand challenge by providing an enhanced public space and new civic, commercial and housing uses for an underused high street building, which in turn will create a community hub and generate work for Ealing's diverse communities.

### *Environment Statement*

- 4.8. The Environmental Statement<sup>28</sup> (ES) considered by LBE alongside the planning application provides an assessment of the likely socio-economic effects of the development on population, education, health care facilities, jobs and the economy. It also assesses the effects on employment and expenditure in the economy.
- 4.9. The ES estimated that the development would create 112 construction jobs a year. Research conducted on behalf of the National Housing Federation indicates that for every construction job, 1.51 indirect and induced jobs are created elsewhere in the supply chain and the wider UK economy. The flexible non-residential uses and sublet office space on the completed development should provide 188 gross jobs, which will be in addition to the jobs retained within the new council offices, library and customer service centre.
- 4.10. The ES also estimated that the development would result in an additional annual expenditure of £16m to be captured within the local area and the wider region. The development is expected to generate additional council tax payments equating to approximately £7m over 10 years, at 2020-21 rates.
- 4.11. The ES found that the location and nature of the development would contribute towards attracting young, skilled workers. The economic activity rate in Ealing is marginally lower than regional and national averages. It is assumed that around 60-70 per cent of the estimated 920 residents of the development would be of working age. The development would therefore help to retain working

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<sup>27</sup> GLA, [London Recovery Programme – overview paper](#)

<sup>28</sup> Stantec UK Limited Environmental Statement, Volume 1: Main Report August 2020

families in the local area and increase levels of economic activity locally, which are important components of economic and social sustainability.

#### *Health Impact Assessment*

- 4.12. An HIA was prepared by Stantec UK Limited on 7 August 2020, in support of the planning application for the site.
- 4.13. The aim of an HIA is to review the development against the matrix contained in the HUDU Planning for Health: Rapid Health Impact Assessment Tool,<sup>29</sup> in order to: identify potential health impacts; demonstrate how health considerations have been incorporated into the proposals; and identify opportunities for securing measures that could bring health and wellbeing enhancements in the future delivery of development.
- 4.14. The HIA's findings in respect of the following issues relevant to this report were as follows:

- *Housing quality and design*

Access to decent and adequate housing is critically important for health and wellbeing, especially for the very young and very old. Environmental factors, overcrowding and sanitation in buildings, as well as unhealthy urban spaces, have been widely recognised as having caused illness since urban planning was formally introduced. Post-construction management also has an impact on community welfare, cohesion and mental wellbeing.

The development is providing 90 per cent of the residential units designed to be accessible and adaptable, and 10 per cent of residential units designed as wheelchair-user dwellings, to meet the needs of a range of users and older residents. Residential units include a mixture of tenures and proportion of affordable housing which will help meet local housing needs. The layout of the residential units has been designed to meet lifetime-homes requirements and incorporate energy-efficiency measures to reduce carbon emissions and operating costs. Positive impacts have been identified for all criteria, and no disproportionate negative effects to vulnerable groups have been identified.

- *Access to healthcare services and other social infrastructure*

Strong, vibrant, sustainable and cohesive communities require good-quality, accessible public services and infrastructure. Access to social infrastructure and other services is a key component of lifetime neighbourhoods. Encouraging the use of local services is influenced by accessibility, in terms of transport and access into a building, and the range and quality of services offered. Access to good-quality health and social care, education (primary, secondary and post-19), and community facilities has a direct positive effect on human health.

The development will increase the social infrastructure provided on site through civic/community-use buildings (including a public library) and flexible non-residential floorspace. There is currently capacity in the surrounding primary and secondary schools, and GP surgeries, to accommodate residents of the development. Positive and neutral impacts have been identified for all criteria, and no disproportionate negative effects to vulnerable groups have been identified.

- *Climate change*

There is a clear link between climate change and health. The Marmot Review<sup>30</sup> is clear that local areas should prioritise policies and interventions that “reduce both health inequalities and mitigate climate change” because of the likelihood that people with the poorest health would be hit hardest by the impacts of climate change. Poorly designed homes can lead to fuel poverty in winter and overheating in summer, contributing to excess winter and summer deaths. Developments that take

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<sup>29</sup> London Healthy Urban Development Unit, [HUDU Planning for Health, Rapid Health Impact Assessment Tool](#), October 2019

<sup>30</sup> Institute of Health and Equity, [Fair Society, Healthy Lives \(The Marmot Review\)](#), February 2010

advantage of sunlight, tree planting and accessible green/brown roofs also have the potential to contribute towards the mental wellbeing of residents.

The development will maximise the use of existing land by redesigning the current development to provide a more compact and efficient council office building. The redesign of the site has enabled the site to be used more effectively, and provide residential and non-residential uses, in addition to new and more energy-efficient council office space. Sufficient waste storage and management has been accommodated within the design of the development to encourage recycling. Sustainable design and construction techniques will be used, including preparation of a demolition audit and site waste management plan. Renewable energy sources (in the form of air source heat pumps and photovoltaic panels), ecological mitigation and enhancement measures, and sustainable drainage systems have been incorporated into the design of the development. Positive impacts have been identified for all criteria, and no disproportionate negative effects to vulnerable groups have been identified.

- 4.15. Overall, the HIA found that the development will predominantly result in beneficial health effects, including in relation to housing quality and design; accessibility and active travel; crime reduction and community safety; and minimising the use of resources and the effects of climate change. No negative effects on health were identified that required further mitigation to that already identified within other assessments, such as Section 106 contributions or air and noise mitigation measures.

#### *Consultation and due diligence*

- 4.16. GLA officers have consulted extensively with senior officers at the LBE and VP throughout the development of this proposal. Avison Young<sup>31</sup> has provided external due diligence advice on a Land Fund grant for this scheme, as summarised in Part 2.
- 4.17. It is not considered necessary or appropriate to consult with any other persons or bodies, including those specified in Section 32 (1) of the Greater London Authority Act 1999 (as amended) (GLA Act), for the purposes of this report.
- 4.18. The creditworthiness of the entities involved in the scheme has been reviewed by Avison Young and no material concerns are apparent at this stage. Overall, they pose a low risk of failure.
- 4.19. The agreement for the grant will be bespoke to the proposed intervention as outlined in Part 2 and as agreed by the Executive Director of Housing and Land. It should be completed by 31 March 2023.

#### *Subsidy control*

- 4.20. The Subsidy Control Act 2022 entered fully into force on 4 January 2023.
- 4.21. Legal advice on the subsidy control issues relating to the proposed intervention is summarised in Part 2.

#### *Conflict of interests*

- 4.22. No conflicts of interest have been identified for any officers involved in the development of this proposal or in the drafting or clearance of this decision form.

## **5. Financial comments**

- 5.1. The decision is seeking approval to award a grant of up to £17m to LBE towards the cost of replacing the SSE substation, which is part of the Perceval House development. The grant will contribute to the funding shortfall and the development is expected to build 477 homes, of which 226 will be affordable.

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<sup>31</sup> [Avison Young](#)

5.2. Further financial comments are set out in Part 2.

## 6. Legal comments

- 6.1. Under section 30(1) of the GLA Act, the GLA has the power to provide the grant funding for the project detailed above, provided that doing so will further one or more of the GLA's principal purposes of promoting economic development and wealth creation, social development and the improvement of the environment in Greater London. The project will enable the delivery of new housing, including affordable housing, and it is open to the GLA to take the view that funding it will promote both social and economic development, and is therefore within its power contained in section 30(1) of the GLA Act.
- 6.2. In exercising the power in section 30(1), the GLA must have regard to the matters set out in section 30(4-6A) of the GLA Act, and the Public Sector Equality Duty set out in section 149 of the Equality Act 2010. Reference should be made to section 3, above, in this respect.
- 6.3. In addition to the above, where the GLA is proposing to use the power conferred in section 30(1) of the GLA Act, the GLA must consider consulting in accordance with section 32 of the GLA Act (see 4.16 and 4.17, above).
- 6.4. External lawyers have advised GLA officers in relation to subsidy control compliance.
- 6.5. Officers must ensure that all necessary and appropriate steps are taken, and a suitable funding agreement is entered into with LBE, to formalise the provision of the grant before committing to the same.
- 6.6. Further legal comments are set out in Part 2.

## 7. Planned delivery approach and next steps

- 7.1. The phased decant and decommissioning of Perceval House by LBE commenced in February 2023, with the handover of the whole site to VP with vacant possession scheduled for late summer. Demolition should then start, and be completed by the end of 2023.
- 7.2. The current construction programme, from the initial enabling works to practical completion, is summarised as follows (subject to the issues set out in the addendum to Part 2):

Phase	Block no.	Use	Storeys	No of homes	Build period	Months
1	1	Private	5	28	March 2023 – September 2024	18
	2	Affordable	14	67	March 2023 – March 2025	24
2	5	Affordable	9	94	July 2024 – December 2025	17
	7	Civic centre/ commercial (substation)	8	N/A	August 2024 – November 2025	15
	6	Private	10	105	July 2024 – July 2026	24
3	3	Affordable	10	65	June 2027 – May 2029	23

	4	Private	25	118	Jun 2027 – December 2029	30
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- 7.3. There is an 11-month gap between phase two, practical completion, and phase three, enabling works. This is driven by the complexities of the SSE substation installation and its commissioning process in the new basement of block B7 (civic centre) before which SSE will not commence decommissioning the Copley Dene substation. Improvements to the programme are being sought as the detailed design for the SSE substation is finalised.

### **Appendices and supporting papers**

None



## Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

## Part 1 – Deferral

### Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason: There is a risk that the current negotiations on the various agreements necessary to implement this decision could be compromised by the immediate publication of Part 1. This part should therefore be deferred until these agreements are signed or become unconditional.

Until what date: 31 August 2023

## Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

### Is there a part 2 form – YES

## ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

### Drafting officer:

Peter Carney has drafted this report in accordance with GLA procedures and confirms the following:

✓

### Assistant Director/Head of Service:

Rachael Hickman has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

### Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

### Corporate Investment Board

A summary of this decision was reviewed by the Corporate Investment Board on 20 March 2023.

✓

## EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

### Signature:



### Date:

21/03/2023