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| <b>LONDON BOROUGH OF CAMDEN</b>   | <b>WARDS:</b> Kentish Town South              |
| <b>REPORT TITLE</b><br>Finance and procurement strategy for the redevelopment of the building at 2 Prince of Wales Road to become Kentish Town Neighbourhood Space (SC/2026/03)   |   |
| <b>REPORT OF</b><br>Cabinet Member for New Homes and Community Investment   |   |
| <b>FOR SUBMISSION TO</b><br>Cabinet   | <b>DATE</b><br>25 <sup>th</sup> February 2026 |
| <b>STRATEGIC CONTEXT</b><br><br><p>Camden Council has a clear vision for the future as set out through the ambitions, missions and challenges in We Make Camden. Neighbourhood spaces will be at the heart of this vision providing new community space and affordable workspace for the co-location of voluntary sector organisations, social enterprises and startups. Neighbourhood spaces will act as a hub to support local innovation, and be an integral part of the Council’s work to deliver inclusive economic growth.</p> <p>The Neighbourhood Space at 2 Prince of Wales Road will be Camden’s first and will enable organisations to connect and collaborate with residents through mission focused change at a neighbourhood scale. The community- led stewardship will give residents greater agency over local assets and opportunities to participate in local decision-making and change at neighbourhood level.</p> <p>This project also supports key aims and outcomes set out in Camden’s Affordable Workspace Strategy and Action Plan 2023, the Camden Climate Action Plan 2026–2030, and the Camden Local Plan (2017) and draft Local Plan.</p> |   |
| <b>SUMMARY OF REPORT</b><br><br><p>This report outlines progress with the retrofit and refurbishment of the building at 2 Prince of Wales Road and seeks decisions needed to support the transformation into the Kentish Town Neighbourhood Space.</p> <p>This report outlines:</p> <ul style="list-style-type: none"> <li>• An update on the project progress to date and the next steps required to deliver a Neighbourhood Space at this location.</li> <li>• An update on the development costs and project budget, alongside the proposed financial strategy for delivering a Neighbourhood Space at this site.</li> <li>• The proposed procurement strategy for the major works contractor to deliver the redevelopment works required.</li> </ul> <p>The report is being submitted to Cabinet in line with Contract Standing Orders which state the Cabinet must agree procurement strategies for capital contracts in excess of £5,000,000. (CSO C4.2)</p> <p><b>Local Government Act 1972 – Access to Information</b></p>  |   |

No documents that require listing were used in the preparation of this report.

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**RECOMMENDATIONS**

Cabinet, having considered the results of the Equalities Impact Assessment at Appendix 4 and having due regard to the obligations set out in section 149 of the Equality Act 2010 is asked to:

1. Approve the budget and financial strategy set out in sections 2.3 - 2.6 for the delivery of a Neighbourhood Space at 2 Prince of Wales Road.
2. Approve the procurement strategy set out in sections 2.7 – 2.10 for the major works contractor to deliver the redevelopment works to the building at 2 Prince of Wales Road
3. Delegate authority to the Executive Director Investment, Place and Opportunity, following consultation with the Cabinet Member for New Homes and Community Investment and the Executive Director Corporate Services, to take all appropriate actions required to implement the creation of the Kentish Town Neighbourhood Space at 2 Prince of Wales Road, including but not limited to:
  - a. Awarding all contracts including the procurement of the major works contractor.
  - b. Approval of operating model including governance arrangements, programming, letting strategy, and monitoring framework including Key Performance Indicators on social value and community impact.
  - c. Approvals associated with the selection of an operator for the Neighbourhood Space.
  - d. Approval of appropriation of the land, if required to enable redevelopment works to take place.



Signed:

Date: 12<sup>th</sup> February 2026

## 1. CONTEXT AND BACKGROUND

### *Neighbourhood Spaces Programme*

- 1.1. The Council's Neighbourhood Spaces Programme sets out to transform vacant, underperforming and deteriorating commercial assets into vibrant, financially self-sustaining hubs for innovation, collaboration, and community participation. This programme directly supports the We Make Camden missions with the aim of creating inclusive spaces that foster local economic growth, social value and community cohesion.
- 1.2. Work towards a Neighbourhood Space at 2 Prince of Wales Road is at an advanced stage of development, with architectural designs ready for construction, most of the funding in place and a live test-and-learn meanwhile use occupying the ground floor of the building.

### *Background to the Kentish Town Neighbourhood Space*

- 1.3. Built in 1913 and owned by the Council since 1983, the former cinema was later converted into offices and occupied by Camden Community Law Centre until its relocation in 2021 to enable the creation of the new Neighbourhood Space. The building is now in poor condition, is under-utilised and requires urgent improvements, with limited potential market interest for occupation in its current state.
- 1.4. The Neighbourhood Space concept grew from pilot projects at the Kentish Town "Think and Do" (2019) and 19 Highgate Road (2020–2021), which tested new ways for residents and organisations to work together to address local challenges through the co-location of voluntary sector organisations, businesses and institutions.
- 1.5. In 2021, AAB Architects were appointed to carry out initial designs to refurbish the ground and first floor of the building to create a mix of affordable workspace and community space. External funding was secured to support the redevelopment.
- 1.6. Following reviews with potential operators and workspace viability consultants, the scope was expanded to strengthen the business model, address essential repairs and incorporate sustainability measures to reduce operating costs and the building's carbon footprint.
- 1.7. In December 2024, A new design team, led by IF\_DO Architecture, were commissioned to develop designs to the revised scope. Planning consent was granted in January 2026 (planning application reference 2025/2884/P).
- 1.8. The proposed design will deliver 13,000 sq ft across three floors, providing affordable workspace for upto 120 people, community workshop areas and event space that can flexibly accommodate a range of activities. The design maximises its main road frontage to create a welcoming civic hub. Co-design workshops with residents and local stakeholders have ensured the future Neighbourhood Space reflects the identity of Kentish Town.

- 1.9. The retrofit aligns with the Camden Climate Action Plan 2026–2030 and intends to meet and exceed the Net Zero Carbon Building Standard, incorporating measures such as replacing the gas heating system, new insulation and carbon-sequestering timber structures. See the Design & Sustainability report (Appendix 2) for further details of proposed measures.

*Meanwhile Use – Civic Action Lab*

- 1.10. Since the building became vacant, it has been squatted twice, leading to high security costs. To reduce these and support interim use, in March 2025 the Council partnered with Hypha Studios to temporarily occupy the site. Hypha Studios have been offering free studio and gallery space to local artists, generating the equivalent of over £250,000 in social value from free workspace and community programming.
- 1.11. This temporary use, called the ‘Civic Action Lab’, has allowed the Council to test future uses and develop the Neighbourhood Spaces concept. The Council’s Neighbourhood Spaces and Participation Teams have delivered a range of community-led programming with local partners and engagement to help shape the future vision for the site. See the Community Engagement Report (Appendix 3) for more details.

*Operating & community stewardship model for the refurbished building*

- 1.12. The Neighbourhood Spaces operating model has been developed through a combination of learning from other Council projects, pilot projects (see 1.4.) and market testing with potential operators. This has developed an outline for a robust, sustainable operating model with strong market interest. The current assumptions for the model are:
- The building will be leased to an experienced external operator, responsible for all operations, programming and maintenance.
  - The operator will sub-let workspace to missions aligned start-ups, social enterprises and voluntary sector organisations.
  - Sub-tenant income will cover all building running costs, operator overheads and contribute to community programming or business support.
  - The building will be financially self-sustaining, will require no Council funding for core costs and has the potential to generate rental income.
  - The Council and community will retain governance oversight, with operator performance monitored against agreed key performance indicators.
  - Operators must demonstrate the ability to deliver a self-sustaining asset and commit to delivering monitored social value throughout the lease.
- 1.13. These assumptions are not part of this Cabinet decision. They will be further developed over the following months, with the recommendation that all decisions are delegated to the Executive Director Investment, Place and Opportunity following consultation with the Executive Director Corporate Services and Cabinet Member for New Homes and Community Investment.
- 1.14. Community stewardship of the Kentish Town Neighbourhood Space will ensure residents have oversight of the building and community programme. Officers have established a resident steering group, “Kentish Town Commons”, and are working with the group to establish community priorities

and a future governance model. Further details about the resident steering group and wider engagement can be found in the Community Engagement Report (Appendix 3).

## **2. PROPOSAL AND REASONS**

- 2.1. The Kentish Town Neighbourhood Space project is now entering its main capital delivery phase. Alongside preparation for construction, work is progressing to refine a viable operating model, appoint an experienced operator, and establish a robust community governance structure. Timely decisions are critical to maintain momentum and ensure compliance with grant funding deadlines.
- 2.2. The recommendations below set out a clear, deliverable approach that will:
  - Secure the redevelopment of the site within agreed timescales.
  - Ensure external funding is fully utilised before funding deadlines.
  - Deliver a financially sustainable model that reduces long-term costs to the Council.

### *Recommendation 1: Budget and financial strategy*

- 2.3. In September 2024, a budget was confirmed to deliver the scheme based on an outline design and high-level cost estimate, this decision is included in the Council's Medium Term Financial Strategy July 2024 (CS/2024/13). Following a detailed design process, the cost to deliver the scheme has increased beyond the agreed budget. This is due to:
  - Build cost inflation.
  - Design development enabling a more accurate cost estimate.
  - Addition of further measures to reduce future operating costs and improve the sustainability of the building.
  - A comprehensive value engineering exercise has been conducted to reduce cost where possible and ensure value for money.
- 2.4. External grant funding has been secured to support the capital costs of the redevelopment, but further investment is required to meet the full delivery cost. The recommended option 1 (see section 3), involves the Council making the additional capital investment in the building. The net present cost to the Council over 20 years is forecast to be £4,080,032. This cost incorporates the required Council capital investment, external investment and projected rental income of the first 20 years of the building in operation. This represents the best value option in the long term and delivers the greatest social benefits.
- 2.5. Camden's investment will enable a comprehensive approach to the retrofit of the building, addressing all repairs and building improvements and deliver Neighbourhood Spaces programme outcomes in a single coordinated programme. It will create a self-sustaining asset that generates rental income to partially offset Council investment while delivering significant social value and affordable workspace.
- 2.6. Further details on the business case and costs are provided at section 7 and in Part II of this report (Appendix 1). The Part II is exempt from publication.

The information is not being made public to prevent distorting operator selection and contractor procurement. This approach protects the Council's ability to obtain best value during contractor procurement and operator selection.

*Recommendation 2: Contractor Procurement Strategy*

- 2.7. Recommendation 2 seeks approval of the procurement strategy for the major works contractor to deliver the redevelopment works to the building at 2 Prince of Wales Road.
- 2.8. To deliver the works contract efficiently and in compliance with the Procurement Act (2023), the proposed procurement approach is to utilise the Fusion 21 Framework. This route offers a compliant and streamlined pathway, allowing access to pre-qualified suppliers with proven capability and ability to deliver the specific requirements of the project. This approach reduces procurement lead time, leverages competitive pricing, and ensures quality through established performance standards.
- 2.9. The strategy will begin with a call-off process from the framework, via a mini-competition among eligible suppliers. This process will include issuing a tailored specification, pricing schedule, and evaluation criteria aligned with the project's objectives. Suppliers will be invited to submit proposals which will be evaluated using the Most Advantageous Tender (MAT) principles, based on the proposed evaluation criteria is set out in the table below:

| <b>Tender Award Criteria</b>                       | <b>Weighting (%)</b> |
|--|----------------------|
| <b>Price</b>                                       | <b>40%</b>           |
| <b>Technical Considerations (quality) of which</b> | <b>60%</b>           |
| <i>Resources, Programme and Method Statement</i>   | 40%                  |
| <i>CDM, Health and safety management on site</i>   | 10%                  |
| <i>Social Value</i>                                | 10%                  |

- 2.10. The proposed evaluation criteria reflect the project's need to balance cost efficiency with technical expertise to deliver a complex retrofit on a challenging site. The weighting for price reflects the need to retain competitive tension and value for money, whilst the higher quality weighting safeguards long-term asset performance, sustainability objectives and client satisfaction.

*Recommendation 3: Delegation of powers to implement the Kentish Town Neighbourhood Space*

- 2.11. Recommendation 3 seeks approval to delegate authority to the Executive Director Investment, Place and Opportunity, following consultation with the Cabinet Member for New Homes and Community Investment and the Executive Director Corporate Services, to take all appropriate actions required to implement the redevelopment of 2 Prince of Wales Road to become Kentish Town Neighbourhood Space. A summary of the potential actions that may need to be taken are outlined below:
  - The award of all contracts related to the Kentish Town Neighbourhood Spaces project including the award of the major works contract after the

procurement process outlined in section 2.7-2.10 in this report. Under current contract standing orders, as this is a single-member decision, officers are proposing this decision is delegated as set out above.

- The selection of an operator for the Neighbourhood Space.
- The use of land appropriation powers if considered necessary to enable redevelopment works to take place.

### **3. OPTIONS APPRAISAL**

#### **3.1. The following options were explored:**

*Option 1 – Continue with creation of the Neighbourhood Space in line with the recommendations set out in this report. (Recommended)*

3.2. This option delivers a comprehensive retrofit of the building to create a Neighbourhood Space comprising of affordable workspace (5,800 sqft) and community space (1,900 sqft) and supporting facilities (5,430 sqft) utilising the full building volume. This retrofit will include all critical repairs and improvements such as the replacement of the roof, installing insulation, solar panels and new heating and ventilation systems.

3.3. This option is recommended as it delivers significant benefits for the Council and local community. The key reasons for recommending this option are:

- It would deliver all programme aims including providing much needed workspace and community project space that will support the delivery of projects aligned to the Council's strategic missions.
- It has the lowest net present cost, maximising all internal and external investment. It enables a comprehensive approach to retrofitting the building that addresses all required repairs and makes improvements to the building that will reduce operating costs and carbon emissions.
- It creates a usable space with the potential for a viable self-sustaining operating model that is appealing to potential operators and generates a rental income to the Council alongside significant social value and benefits for the local community.
- It has the potential to unlock other Camden properties for income generation and community benefit.

*Option 2 – Continue with creation of Neighbourhood Space, but revert to previous scope of works and value engineer within existing budget (not recommended)*

3.4. This option proposes to revert a previous scope of works to refurbish the ground and part of the first floor and value engineer this design to within the existing agreed budget. This would create affordable workspace (3,315 sqft), community workshop space (1,200 sqft) and supporting facilities (4,230 sqft). It would include a partial retrofit including some improvements such as new heating and ventilation systems but omits replacement of the roof and insulation. Some of these improvements will be required soon. It also does not utilise the full volume of the building, and future expansion into these areas would be challenging and disruptive.

3.5. Why this is not recommended:

- Delays to the programme to facilitate this option would cause the loss of external funding and increase the level of capital investment required from the Council.
- Does not address all building condition issues and further capital works would be required in the future to address these. These works would be disruptive and require the building to close to be carried out.
- Viability analysis shows rental income from the more limited provision of affordable workspace would not cover operating costs; these costs may need to be met by the Council. It would not deliver on the programme ambitions to create a self-sustaining asset and would require revenue funding to cover core operational costs.
- Fails to deliver sustainability ambitions.
- Does not resolve building accessibility and functionality issues.

*Option 3 – Abandon the creation of Neighbourhood Space and continue with existing meanwhile arrangements (not recommended)*

3.6. This option proposes to continue the current meanwhile use by licensing the building to Hypha Studios or another provider for affordable artist studios. This option would still require a capital budget to carry out essential improvements. These improvements include new central heating, upgrades to building security and patch repairs to the roof. This option only utilises the ground floor of the building, a third of the building’s potential usable space.

3.7. Why this is not recommended:

- This would result in loss of all external grant funding, some of which has already been claimed and may need repayment.
- Substantial community and social benefits from the creation of the Neighbourhood Space would not be realised.
- Does not address future capital works beyond urgent repairs; further investment may be needed due to the building’s poor condition.
- It requires annual revenue investment to cover building operating costs and would not secure a rental income to the Council.

3.8. Specific deliverables and outcomes for each option can be found on page 8 of the Design and Sustainability Report (Appendix 2).

**4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?**

| Risk   | Mitigation   |
|--|--|
| There may be insufficient interest from operators, sub-tenants, or the building may not generate enough income to cover its costs. | The Council’s soft market testing has identified capable and interested operators, confirmed that the design meets operator and tenant needs and financial modelling has shown that a self-sustaining business model with future surplus growth is achievable. Continued operator engagement is planned. |
| The contractor tender process may attract fewer  | A robust tender pack will be put in place to ensure transparency and support accurate  |

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| applicants than expected or higher-than-anticipated costs.                                      | pricing. Mandatory site visits for bidders will reduce cost uncertainty and improve the quality of returns.   |
| Construction related risks – working with an existing building                                  | Surveys have taken place to establish detailed information relating to the building's construction. Early enabling works to remove asbestos to the building took place in 2022 to remove all asbestos. Further surveys will be undertaken by the contractor on appointment.   |
| Cost overruns and/or need for additional working capital  | Financial analysis has taken place to establish detailed costs estimates and includes contingency in line with guidance for projects of similar complexity.   |
| Agreeing party wall notices and other neighbourly matters delays the project delivery programme | A party wall surveyor has been appointed to advise the Council in relation to party wall notices and neighbourly matters. They will be issuing required notices in line with statutory timescales and will agree additional terms as required to facilitate construction activities in line with the programme.   |
| External grant funding spend deadlines are not met  | The Council has set out a clear capital finance strategy (above and Appendix 1) that ensures that all external grant funding is spent within deadlines. Delays to the programme are carefully managed to ensure external funding is not at risk. The Council frequently engages with funders providing progress updates and information relating to programme to ensure they are aware of any potential risks of delay to delivery. |
| Lack of community support and local interest  | The Council has undertaken extensive engagement with local residents, community organisations and forums and established the Kentish Town Commons resident steering group to ensure community voices shape the project's design and operation. The Council will continue sharing regular updates throughout construction.   |

## 5. CONSULTATION/ENGAGEMENT

- 5.1. A wide range of consultation and engagement activities have been carried out with local residents, voluntary and cultural organisations, and other key stakeholders, including codesign workshops, the establishment of the Kentish Town Commons resident steering group, a public exhibition, meetings with local stakeholders, statutory planning consultation, activation of the site as a Civic Action Lab, online engagement through Commonplace and social media. See the Community Engagement Report (Appendix 3) for further details.
- 5.2. Kentish Town South ward councillors have been engaged on the proposal.

- 5.3. An Equalities Impact Assessment has been carried out for this project; there were no negative impacts identified on protected or other characteristics. Increased community provision for people of all ages will support people to feel connected to their local community, learn new skills and take part in local decision making. The provision of affordable workspace will enable access to workspace for their small business or social enterprise. This will result in positive overall impacts on those from with protected and/ or other characteristics. The full details are provided in the Equalities Impact Assessment (Appendix 4).

## **6. LEGAL IMPLICATIONS**

- 6.1. Cabinet must have due regard to the public sector equality duty when making any decision. In summary these legal obligations require the Council, when exercising its functions, to have ‘due regard’ to the need to:
- Eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act;
  - To 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 (which involves tackling prejudice and promoting understanding).

Under the Duty the relevant protected characteristics are Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim only i.e. reducing discrimination, etc the protected characteristic of marriage and civil partnership is also relevant.

## **7. RESOURCE IMPLICATIONS**

- 7.1. This report seeks approval for a budget increase to support the redevelopment of the site at 2 Prince of Wales Road.
- 7.2. All financial assumptions that underpin the business case have been reviewed and are considered appropriate for a scheme at this stage of development. Whilst there may be cost changes moving forward, contingency and inflation allowances are considered sufficient to mitigate this risk as will be subject to robust monitoring and governance arrangements.
- 7.3. All three options presented require Council investment in addition to the external funding secured. Full redevelopment of the site is the only option that generates a net income to the council once the building is operational and secures the greatest amount of external funding. The table below shows the net present cost for each option presented. This cost incorporates the required Council capital investment, external investment and projected rental income of the first 20 years of the building in operation. The recommended option is the lowest net present cost and will deliver significantly greater social benefit than the other options.

|  | <b>Option 1<br/><i>Recommended</i></b> | <b>Option 2</b>       | <b>Option 3</b>                         |
|--|--|-----------------------|---|
|  | Full Redevelopment                     | Partial Redevelopment | Continue existing meanwhile arrangement |
| <b>Net present cost to the Council over 20 years</b> | £4,080,032                             | £5,649,213            | £4,232,306                              |

- 7.4. Further information to support the business case is provided in the Part II Report (Appendix 1). This information is not being made public to prevent distorting operator selection and contractor procurement. This approach protects the Council's ability to obtain best value during contractor procurement and operator selection.
- 7.5. The choice of operator for the new building will be subject to future selection. The intention is for there to be no operating costs to the Council and the potential for a profit share arrangement with the operator. The level of profit share will be an important financial consideration that will be explored in full and subject to appropriate governance.

## **8. ENVIRONMENTAL IMPLICATIONS**

- 8.1 The current building and its systems are no longer fit for purpose and do not meet the Council's Climate Action Plan or wider climate ambitions. The proposed retrofit will significantly improve performance by meeting LETI constrained retrofit targets and exceeding minimum Building Regulations, reducing both operational and embodied carbon through measures such as timber structural framing, wood fibre insulation and reusing at least 88% of the existing building identified through a pre-deconstruction audit. During construction, the contractor will be required to follow a construction environmental management plan to minimise noise, dust, air pollution, contamination risks and ecological impacts, while also reducing waste and promoting the recycling and reuse of materials.

## **9. TIMETABLE FOR IMPLEMENTATION**

- 9.1. If the recommendations are approved, this table sets out the key milestones.

| <b>Activity</b>                            | <b>Date</b>                    |
|--|--------------------------------|
| Cabinet Meeting                            | 25 <sup>th</sup> February 2026 |
| Contractor tender period                   | March - April 2026             |
| Tender evaluation and clarification period | May 2026                       |
| Contract award                             | May - June 2026                |
| Construction works on site                 | June 2026 – October 2027       |
| Selection of building operator             | June 2026 - November 2026      |
| Building opens to the public               | November 2027                  |

## **10. APPENDICES**

Appendix 1 – Part II of Report – Finance information (exempt from publication)

Appendix 2 – Design and Sustainability Report

Appendix 3 – Community Engagement Report

Appendix 4 – Equalities Impact Assessment (EqIA)

**REPORT END**