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DATE: 1 February 2022

## EXECUTIVE

**Wednesday 9 February 2022**

**Please see the attached report marked “to follow” on the agenda.**

- 16 ACCELERATED DEVELOPMENT OF A NEW HEALTH AND WELLBEING CENTRE AT THE CIVIC CENTRE AS PART OF A WIDER MIXED-USE DEVELOPMENT (Pages 3 - 24)**

Bromley Town ward

***Copies of the documents referred to above can be obtained from  
<http://cds.bromley.gov.uk/>***

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Report  
No.

## London Borough of Bromley

### PART ONE

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**Decision  
Maker:** EXECUTIVE

**Date:** Wednesday 9th February 2022

**Decision  
Type:** Urgent Executive Key

**Title:** Accelerated development of a new Health and Well Being Centre at the Civic Centre as part of a wider mixed-use development

**Contact  
Officer:** Darren Essex, Programme Manager (Major Projects)  
- Strategic Property: darren.essex@bromley.gov.uk

**Chief Officer:** Sara Bowrey Director Housing, Planning and Regeneration

**Ward:** Bromley Town

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#### 1. Reason for report

In October 2021 the Executive Report as attached in **Appendix 1**.

It should be noted a key requirement for the CCG is that the new facility is ready for use by Spring 2024 due to funding pressures from the Department of Health and HM Treasury.

Subsequent to this, additional work has been undertaken and it has been identified that in order to achieve the CCG's requirements an accelerated programme is required which will incur additional cost an earlier stage to that originally envisaged. These costs are set out in 3.13 below.

This expenditure enables the detailed feasibility, design, planning and construction delivery planning to be progressed at pace and without delay. As a result of which the need to formally request the cost of the scheme including the CCG's recoverable be formally included within the Capital Programme so that identified sums within this paper may be drawn down to facilitate the appointment of the various consultants and work required.

Furthermore, this would demonstrate the Councils commitment to H M Treasury and NHS England that it intends to proceed and can deliver the proposed development in a timely manner. The recommendations contained within this report seek to provide this comfort.

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## 2. RECOMMENDATION(S)

- 2.1 The Executive is recommended that the following are agreed and incorporated into the forthcoming Capital Programme at an estimated additional total cost of £25m including the CCG's estimated 25% share, together with non-recoverable VAT.
- 2.2 Subject to 2.1 and following Executive approval (20 October 2021) to proceed to procurement, to authorise drawdown of up to £2m from the Capital Programme to fund the various professional services required to progress the scheme through the initial stages (set out in 3.1); noting that that this is in addition to £0.5m previously agreed in October 2021; and noting that the CCG will initially underwrite 50% of this total cost.
- 2.3 To authorise the drawdown of up an additional £1.5m including non-recoverable VAT from the Capital Programme to fund surveys and other project costs including LBB internal costs (£3.5m running total – see 2.2). Estimated inclusive cost as 2.1. The CCG will initially underwrite 50% of this cost.
- 2.4 To authorise proceeding to procurement via a compliant route for a works contract to demolish The Great Hall and Adventure Kingdom and prepare the site with enabling works subject to receipt of detailed planning consent at an estimated contract value of £650,000 (£4.15m running total – see 2.2) from the Capital Programme. The CCG will be responsible for 25% of this cost.
- 2.5 To authorise proceeding to procurement via a compliant route for a construction contract for the building works at an estimated contract value of £21.4M; noting that commencement of the Build element will be subject to both Member approval for the detailed design and costs of the scheme (as per 2.8) and subject to receipt of detailed planning consent. The CCG will be responsible for 25% of this cost. Executive are asked to note that it is to be determined whether the optimum route is to procure a Build contract directly or whether to utilise a two stage (via a Pre-Contract Service Agreement [PCSA] with suitable break clause) Design & Build approach. In the event of a Design & Build approach, the first stage of Technical Design is included within the costs for professional services outlined above.
- 2.6 To delegate authority to the Director of Housing, Planning, Property and Regeneration or Director of Finance with oversight from the Resources Portfolio Holder, to agree and settle all the commercial terms arising and to deal with publicising, if appropriate, any Open Space Notices and considering representations received and reporting to Members as necessary.
- 2.7 To delegate authority to the Assistant Director of Legal Services to enter into all relevant legal agreements and any other ancillary legal documentation relating thereto.
- 2.8 To note that an Executive report will be forthcoming with a full business case for consideration including details of the worked-up scheme, procurement of the construction element of the scheme, including additional professional fees and project costs prior to any Planning Application being made.

## Impact on Vulnerable Adults and Children

1. Summary of Impact: There is an impact on vulnerable Adults and Children to this consent, as ultimately those groups will use both the proposed Health and Well Being Centre and new Community Hall, which will be located closer to other Council services and offer improved facilities to Residents.
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## Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Excellent Council
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## Financial

1. Cost of proposal: Indicative capital scheme costs c£25m; of which £4m to progress through RIBA stages – LBB 50% share is £2m
  2. Ongoing costs: N/A:
  3. Budget head/performance centre: N/A
  4. Total current budget for this head: £N/A
  5. Source of funding: Capital Programme
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## Personnel

1. Number of staff (current and additional): 1 Current - Strategic Property
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## Legal

1. Legal Requirement:
  2. Call-in: N/A
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## Procurement

1. The report seeks recommendations to proceed to procurement for works contracts; as well as noting the procurement requirements for various professional services to progress the proposed scheme subject to approval of capital funding.
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): A co-located Health and Well Being Centre and new purpose-built Community Hall at the Civic Offices would improve synergies for residents who wish to use the services of the Council and the CCG.
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments?

Ward Councillors been briefed on this scheme approach and are supportive of the Health and Well Being Centre and new Community Hall with residential accommodation of a high design quality being co-located at the Civic Offices.

### 3. COMMENTARY

- 3.1 Members will recall that an initial massing exercise was undertaken to consider a wider scheme to potentially be developed by the Council utilising the footprint of the existing Great Hall and AK Buildings. That scheme would provide for a new Health and Well Being Centre together with a new Community Hall and a residential Planning Policy compliant scheme of circa 48 units above.
- 3.2 The scheme would be of 3-4 stories in height and massed in such a way that the higher elements would be located to the bulk of the existing Civic Centre buildings. Such a scheme would also improve the generic entrance to the Civic Centre in design terms.
- 3.3 For reference purposes the preliminary appraisal as set out within the October 2021 Executive Report is set out below, adjusted to include the estimate costs of providing the health centre:

#### REVENUE

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price
Block 1 - Social Units	14	10,516	220.00	165,251
Block 1 - Intermediate Units	10	7,010	425.00	297,925
Block 2 - Private Units	<u>24</u>	<u>17,526</u>	630.00	460,058
<b>Totals</b>	<b>48</b>	<b>35,052</b>		

Rental Area Summary	Units	ft <sup>2</sup>	Rent Rate ft <sup>2</sup>	Unit Amount
Health Centre (assumed cost neutral to LBB)	1	15,074	0.00	1
Community Hall	<u>1</u>	<u>7,947</u>		0
<b>Totals</b>	<b>2</b>	<b>23,021</b>		

Sales Agent Fee	1.00%	(140,206)		
Sales Legal Fee	0.50%	(81,671)		
				(221,877)

**TOTAL PROJECT REVENUE** **16,112,273**

#### DEVELOPMENT COSTS

##### ACQUISITION COSTS

Legal Fee	200,000			
				200,000

##### CONSTRUCTION COSTS

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost	
Health Centre (assumed cost neutral to LBB)	16,036	0.00	11,000,000	
Community Hall	8,830	150.00	1,324,500	
Block 1 - Social Units	15,241	190.00	2,895,710	
Block 1 - Intermediate Units	10,159	190.00	1,930,290	
Block 2 - Private Units	<u>26,555</u>	200.00	<u>5,310,909</u>	
<b>Totals</b>	<b>76,821 ft<sup>2</sup></b>		<b>22,461,410</b>	<b>11,461,410</b>

Contingency	5.00%	573,071		
Demolition		150,000		
Planning & Assc Costs		300,000		
CIL - Borough		245,410		
CIL - Mayoral		147,246		
				1,415,727

<b>PROFESSIONAL FEES</b>			
Professional Fees	10.00%	1,203,448	1,203,448
<b>MARKETING &amp; LEASING</b>			
Marketing		50,000	50,000
			<b>25,330,585</b>
<b>GROSS SCHEME COSTS</b>			-11,000,000
Less CCG CONTRIBUTION			<b>14,330,585</b>
<b>TOTAL COSTS BEFORE FINANCE</b>			
<b>FINANCE</b>			
Debit Rate 3.00%, Credit Rate 0.00% (Nominal)			251,038
Total Finance Cost			<b>14,581,622</b>
<b>TOTAL COSTS</b>			
<b>PROFIT</b>			<b>1,530,651</b>

**It should be noted that this is an initially massing exercise only and may not represent the final scheme. The CCG's costs are shown as the total cost/funding sum available, cost neutral and were not included in the total cost of the development to the Council at that time.**

**The £1.53m profit is a residual land value.**

- 3.4 The CCG would pay for their element of construction costs and then take a lease for the Health and Well Being Centre – this would be agreed and documented via a Development Agreement between the Council and the CCG.
- 3.5 In terms of deliverability the Council will ensure that the scheme would be phased in such a way that the Health and Well Being Centre will be delivered first to meet the CCG's requirements. The additional budget requested by way of this report will enable the initial proposals for two separate buildings to be progressed. It is estimated that the whilst the Health and Well Being Centre will be handed over in March 2024, the entire development will not be completed until September 2024.
- 3.6 The CCG are supportive and continue to work with the Council to achieve delivery of the new Health and Well Being Centre within the scheme.
- 3.7 A fundamental principle for delivery is that the scheme is economically viable. An initial assessment of the costs v revenue as reported in the October 2021 Executive Report showed a potential surplus or residual site value of just over £1.5m.
- 3.8 However, it must be stressed this was an initial assessment and now that the scheme is being further progressed will need to be refined as it was based on an initial massing exercise to demonstrate that the site had the potential to deliver a scheme.

- 3.9 The outline appraisal contained within the October 2021 Executive Report did not include the costs associated with the construction of the Health and Well Being Centre as this is cost neutral. However, since these monies will be drawn down from the Capital Programme and repaid by monies received from the CCG it is appropriate that the Capital Programme allows for all sums identified – the total cost of the scheme is estimated at £25m.
- 3.10 At this stage it is not possible to undertake a further business case as the scheme needs to progress through additional design, cost and viability enabled by the increased budget allowances requested by this report.
- 3.11 The CCG will be contributing £11m to the overall costs of the scheme. The October 2021 Executive Report showed a cost of the scheme excluding the CCG element totaling approximately £14m. As a result, the Capital Programme funding requirement is £25m. This sum is provided so that an indicative budget allocation can be made in the Capital Programme.
- 3.12 In order to progress the scheme, various appointments will need to be made to secure the services of professional consultants. This will then enable a scheme to be designed and evaluated so that it can be reported to Members for consideration with a formal business case and appraisal. Therefore, the appointments will provide for the circumstances that should Members decide not to proceed then these appointments can be terminated and should Members decide to progress with the scheme then the appointments continue.
- 3.13 The proposed Professional Team budget fee expenditure up to and including technical design (part of which may be by way of a PCSA) and includes non-recoverable VAT will be as follows:

Architect £800,000  
 Project Management £450,000  
 Quantity Surveyors £300,000  
 Development Surveyors £100,000  
 Planning Consultant £100,000  
 Civil & Structural Engineers £220,000  
 Mechanical & Electrical Engineers £400,000  
 Heritage Consultant £50,000  
 Fire Engineers £80,000

At a cost of approximately £2.5m

With additional estimated costs including surveys (£500,000), associated project costs (£200,000), LB Bromley costs (£200,000), contingency (£300,000) and 20% VAT on the CCG's share (£300,000). Total: £1,500,000

**Total £4m of which 50% will be borne by the CCG (please see 3.15 below). Therefore, the cost to the Council is £2m; initial expenditure of £0.5m was approved by the Executive in October 2021, so this represents additional expenditure of £1.5m.**

LB Bromley will only be responsible for 50% of the costs with the CCG providing an indemnity for the remainder.

3.14 All the proposed professional consultancy appointments will be determinable by the Council at each RIBA stage to limit financial risk. The work is split into four stages with indicative estimated vales as follows:

- RIBA 2 feasibility - £475,000
- RIBA 2 outline design - £375,000
- RIBA 3 to planning - £850,000
- RIBA 4 technical design - £800,000

Note that this excludes surveys and other project costs as above.

3.15 It is agreed in principle that the CCG will bear 50% of the costs at risk through to detailed planning consent and full business case approval. As it is likely that the CCG will not be able to recover VAT LBB will bear its share of this additional cost at this stage.

3.16 The costs to the Council will be limited up to conclusion of viability at under £500,000 to include professional fees, surveys, and other project expenses. Equally the CCG will have same requirement should the scheme not work for them.

3.17 The Council has taken independent advice on VAT the result of which indicates that VAT will be chargeable on the development works including those which are not able to be recovered by the CGG. The CCG's budget and the Council's cost estimate both include non-recoverable VAT.

3.18 To ensure planning consent is achieved in a timely manner the project team working with the LPA will utilise a Planning Performance Agreement incorporating pre-application, public consultation jointly with the CCG, key dates, resourcing, agreement of S106 and pre-commencement conditions.

3.19 Due to the delivery requirements of the CCG assuming that the scheme is viable it will be necessary to progress to the technical design so to prepare for construction tender. At this stage and prior to planning submission an Executive report will be made detailing the outline business case for the scheme together with development appraisal.

3.20 Should Members agree to the progression to Planning then following receipt of detailed planning consent a further Executive report which will include the full final business case will be prepared to authorise the appointment of the building contractor to construct the proposed development together with the proposed additional expenditure.

3.21 In the unlikely event that the CCG withdraw during the design stage then the allocated space for the Health and Well Being Centre can be repurposed for either residential, commercial or the Council's own use. Once the commercial agreement is entered into with the CCG then they would be committed to the scheme.

3.22 The project has a number of known high risks which are set out within the Brief Risk Matrix below:

Risk Description	Risk Owner	H/M/L	Mitigation Options / Opportunity
CCG Fail to achieve HM Treasury Funding	CCG Project Team	H	Continued dialogue with NHS England, HM Treasury and other stakeholders.
The programme suffers critical delays	LBB Project Team	H	Early appointment of professional consultancy team; early discussions with potential building contractors; utilising a PPA to enable planning consent; early engagement with Historic England, the Civic Society and other stakeholders; provision for temporary facility.
Project is financially unviable	LBB Project Team	H	Early appointment of professional consultancy team; early site investigations; early discussions with potential building contractors; allowances for inflation and unexpected costs through financial contingency.
Planning consent is refused or delayed	LBB & CCG Project Teams	H	Early consultation with the LPA, early engagement with Historic England, the Civic Society and other stakeholders, Pre-planning public consultation jointly with the CCG.

3.23 In conclusion this report highlights the requirement for an indicative Capital Programme provision to be set for this scheme together with the required drawdown for professional fees to enable the project to progress. It should be noted that the Council's liability at this stage is limited to 50% of those fees and costs required to establish the schemes viability, and assuming it is viable to then progress to detailed design so that an Outline Business Case can be generated and reported to Members accordingly prior to a planning application being made.

#### 4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 There is an impact on vulnerable Adults and Children to this consent, as ultimately those groups will use the proposed Health and Wellbeing Centre and new Community Hall, which would be located closer to other Council services and offer improved facilities to residents.

#### 5. POLICY IMPLICATIONS

5.1 A Council that manages its assets well.

#### 6. FINANCIAL IMPLICATIONS

6.1 This report is requesting Members to approve an indicative allocation of £25m to the Capital Programme to enable the scheme to progress feasibility and establish viability. This is based on the outline development appraisal that was previously reported to Executive but updated to include the indicative full cost of the scheme incorporating the estimated build cost of the health and well-being centre of £11m. This element will be funded by the CCG, leaving a net cost of £14.6m to be met from sales revenues.

6.2 The report is also seeking approval to incur project costs of £4m from this £25m allocation to progress the scheme through next stages; this represents an increase of £3.5m to the £0.5m previously approved by the Executive in October 2021. It is understood that the CCG will underwrite 50% of these costs during this stage, which would effectively limit the Council's overall cost exposure during these stages to £2m.

6.3 The initial appraisal indicated a net profit/residual land value of £1.5m but this will need to be

updated and validated as the scheme progresses to ensure the scheme remains viable. Therefore, any costs incurred to the point of confirmation of viability will be at risk. Similarly, if the scheme does not prove to be viable, all costs incurred will be abortive costs. In that event, this would be a charge to the revenue budget. Property officers estimate that the Council's share of costs would be limited to c£0.5m to the point of establishing viability.

- 6.4 It is important for members to note that the Capital Programme allocation of £25m is indicative, for planning purposes, and is to enable the scheme to be progressed through its initial stages. A final detailed business case analysis, clearly demonstrating the scheme's viability, will need to be reported back to Executive for members to approve the final scheme and confirm the Capital Programme allocation.

## **7. LEGAL IMPLICATIONS**

- 7.1 The Council has the legal power to hold, maintain and develop its landholdings and buildings in connection with its functions and general powers in the way described in this report. In addition, Section 1(1) of the Localism Act 2011 gives the Council the power to do anything that individuals may do and under Section 111 Local Government Act 1972 the Council has power to do anything calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- 7.2 In furtherance of these statutory powers the Council may provide and commission through a contract the various consultancy service as may be necessary to inform its decision-making in relation to the preparation, use and development of the land together with proposed procurement of the demolition contract works contract and Pre-construction services Agreement. In relation agreeing any rights, interests and access over the land, may enter into agreements as more fully set out in this report.
- 7.3 The commissioning of a services contract to provide Consultancy services is a public services contract within the meaning of the Public Contracts Regulations 2015 (Regulations). Where the value exceeds the relevant threshold (£170,782 (excluding VAT)) such a procurement is governed by the Regulations and the council must undertake a full procurement exercise or utilise a framework which is compliant with the Regulations.
- 7.4 Where the value is below the threshold such a procurement is not governed by the Regulations. However, in accordance with its fiduciary duty the Council has a legal duty to manage funds contributed by taxpayers efficiently and to use such funds to the best advantage of the Council. Compliance with the Council's procurement Rules should satisfy the Council's fiduciary duty.
- 7.5 The award of the professional services contracts set out in paragraph 3.14 of this report will need to be awarded in compliance with the Council's CPR's and the Regulations/duties as explained in paragraphs 7.3 and 7.4 above subject to the works.
- 7.6 The recommendation as more fully explained in paragraph 2.4 of this report namely to proceed to procurement for the demolition contract and the works contract (subject to the satisfactory completion of certain conditions such as planning) can be authorised by the Executive and depending on the value must be carried out in compliance, as case maybe, with the Regulations and duties set out in paragraphs 7.3 and 7.4 above subject to the works threshold of £4,269,550 (plus vat).

- 7.7 The report is also recommending Executive approval to agree any increases to the Capital Budget as described in this report and as maybe permitted by the Councils Financial Regulations and Capital Programme Procedures. Recommendation 2.1 to this report confirms the revised Capital Budget if agreed by the Executive will be included with the Capital Programme which will need to be reported to Council for approval
- 7.8 As the scheme develops, officers will need to provide further reports as may be necessary to progress the scheme. Within this process there will be several legal issues that will need to be addressed by the Council. However, to ensure timely progression recommendations 2.6 2,7 to this report include delegations to officers to deal with commercial negotiations, any open space obligations and to enter into all relevant legal agreements and any other ancillary legal documentation.

## **8. PROCUREMENT IMPLICATIONS**

- 8.1 In October 2021, Executive approved proceeding to procurement for various professional services to progress the proposed scheme as outlined in that report and updated in this current report. This report provides further detail on the professional services required and seeks drawdown from the Capital Programme to fund the cost of the various services, with a total estimated cost of £2.65M (made up of £0.5M allocated in the October report and an additional £2.15M requested within this report).
- 8.2 The proposed procurements are subject to 8.2.1 of the Contract Procedure Rules (CPR) which requires a suitable compliant route for each procurement. Suitable compliant routes, subject to the specific values for each requirement, include a Request for Quotes process, an Open or Restricted tender process or direct award or further competition via a compliant Framework. The specific route for each requirement is to be determined, subject to further consultation with the Corporate Procurement Team. It is indicated that use of compliant Frameworks would be the preferred route.
- 8.3 The proposed requirements are services within the meaning of the Public Contracts Regulations (2015). Where an individual requirement exceeds the relevant threshold of the Regulations (£213,477 inclusive of VAT), then a suitable procedure compliant with the Regulations must be used.
- 8.4 Any award of contracts arising will be subject to 16.7 of the CPR, with any contract with a whole life value of £500k or higher requiring Portfolio Holder approval (Executive approval where £1M or higher).
- 8.5 The report also seeks drawdown from the Capital Programme for surveys and other project costs at an estimated total cost of £800k. Should any of these requirements be sourced through third party procured services, then 8.2 to 8.4 applies to all such requirements.
- 8.6 The report also seeks drawdown from the Capital Programme Executive approval to proceed to procurement for demolition and enabling works an estimated cost of £650k. As per 8.2 and 8.4 above, paragraphs 8.2.1 and 16.7 of the CPR apply.
- 8.7 The proposed demolition and enabling requirement is a works contracts within the meaning of the Public Contracts Regulations (2015). Therefore it is below the threshold of the Regulations (currently £5,336,937 inclusive of VAT). A suitable procedure compliant with the CPR and the applicable elements and principles of the Regulations suitable to a below threshold procedure must be used.

- 8.8 The service has indicated that any award of demolition and enabling contract will be subject to confirmation of planning consent. This must be clearly set out in any tender documentation for this requirement.
- 8.9 The report also seeks drawdown from the Capital Programme Executive approval to proceed to procurement for either a works contract for the building of the scheme; or a two stage Design & Build works contract. The estimated cost is £21.4M. As per 8.2 and 8.4 above, paragraphs 8.2.1 and 16.7 of the CPR apply.
- 8.10 The proposed Build or Design & Build requirement is a works contracts within the meaning of the Public Contracts Regulations (2015). Therefore it is above the threshold of the Regulations (currently £5,336,937 inclusive of VAT) and a suitable procedure compliant with Regulations must be used.
- 8.11 In the event of a Build contract, the service has indicated that any contract will be subject both to the submission (subject to Member approval) of planning consent and the receipt of detailed planning consent. This must be clearly set out in the tender documentation. In the event of a Design & Build contract, this must be procured on the basis of clear break clauses that allow for cessation of the contract at any point during the Design phase without any commitment or liability for the Build phase, particularly with regard to the need to obtain Member approval for the detailed business case for the development and, in addition, the receipt of detailed planning consent before the Build element of the contract can proceed.
- 8.12 The paper notes that a detailed business case including approval for design and costs will be submitted in due course for the proposed scheme for Executive approval. As per 8.4 above, additional Gateway papers will be required for any award of contracts arising from these proposed procurements for Approval at the appropriate level of governance as required by the CPR.
- 8.13 For any requirement with a contract value of £25k or over, suitable notices will need to be published on Contracts Finder. For any that exceed the thresholds set out in the PCR 2015, suitable Find A Tender notices must also be published.
- 8.14 In compliance with the Council's Contract Procedure Rules (Rule 3.6.1), procurement must be carried out using the Council's e-procurement system.
- 8.15 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

<b>Non-Applicable Sections:</b>	Personnel
Background Documents: (Access via Contact Officer)	

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## EXECUTIVE

Wednesday 9th February 2022

### Accelerated development of a new Health and Well Being Centre at the Civic Centre as part of a wider mixed-use development

#### APPENDIX 1

Report  
No.

London Borough of Bromley

PART ONE

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Decision  
Maker:

**EXECUTIVE**

Date:

Wednesday 20 October 2021

Decision  
Type:

Non-Urgent

Executive

Non-Key

Title:

**Future development of a new Health and Well Being Centre at the Civic Centre as part of a wider mixed-use development**

Contact  
Officer:

Michael Watkins, Assistant Director – Strategic Property:  
Michael.Watkins@bromley.gov.uk

Chief Officer:

Sara Bowrey Director Housing, Planning and Regeneration

Ward:

Bromley Town

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#### 1. Reason for report

In February 2020 the Executive resolved that consideration should be given as to the disposal of the former Adventure Kingdom (AK) building to the CCG, at market value, so that it could be redeveloped by the CCG for a new Bromley Town Centre Health and Well Being Centre.

As negotiations developed it transpired that it was the CCG's intention to refurbish the former

AK building rather than re-develop it. This was considered a poor utilisation of the space and would restrict any ability to widen development scope in the immediate area and therefore diminish any returns for the Council in terms of creating new housing and other facilities.

Officers produced an alternative proposition for the CCG to consider comprising a wider scheme developed by the Council utilising the footprint of the existing Great Hall and AK Buildings at the Civic Centre. This scheme would provide for a new Health and Well Being Centre together with a new Community Hall and a residential Planning Policy compliant scheme of circa 48 units above.

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## **2. RECOMMENDATION(S)**

- 2.1 The Executive is recommended :
- 2.2 To note the new approach to delivering a Health and Well- being Centre at the Civic Offices as part of a wider scheme and
- 2.3 To note, subject to Executive agreement as per 2.2, the intent to proceed to procurement, and subsequent award of contract, via a compliant route for various professional services to progress the scheme, as set out in paragraph 3.16;
- 2.4 To grant delegated authority to the Director of Renewal, Recreation & Housing to award contracts (as per 2.3) should a contract value exceed existing thresholds for Officer delegation (subject to Agreement with the relevant Portfolio Holder, the Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance).
- 2.5 To authorise a drawdown of up to £0.5m from the Growth Fund to fund the professional services required to progress the scheme through the initial stages.
- 2.6 To note that a further Executive report will be forthcoming seeking authority to submit a planning application accompanied with a full business case for consideration including procurement of the construction element of the scheme, along with any further authorisation needed to incur additional costs
- 2.7

### Impact on Vulnerable Adults and Children

1. Summary of Impact: There is an impact on vulnerable Adults and Children to this consent, as ultimately those groups will use the proposed Health and Wellbeing Centre, which would be located closer to other Council services.
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### Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Excellent Council
- 

### Financial

1. Cost of proposal: Up to £0.5m initially
  2. Ongoing costs: N/A:
  3. Budget head/performance centre: N/A
  4. Total current budget for this head: £N/A
  5. Source of funding: Growth Fund
- 

### Personnel

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
- 

### Legal

1. Legal Requirement:
  2. Call-in: Call-in is applicable.
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### Procurement

1. Summary of Procurement Implications: N/A
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): A co-located Health and Well-being Centre at the Civic Offices would improve synergies for residents who wish to use the services of the Council and the CCG.
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### Ward Councillor Views

1. Have Ward Councilors been asked for comments?

Ward Councilors been briefed on this scheme approach and are supportive of the Health and Well-being Centre at the Civic Offices.

### 3. COMMENTARY

- 3.1 In February 2020 the Executive resolved that consideration should be given as to the disposal of the former Adventure Kingdom (AK) building to the CCG, at market value, so that it can be redeveloped by the CCG for a new Bromley Town Centre Health and Well Being Centre.
- 3.2 The vision which underpins the Bromley Health & Wellbeing Centre is aligned fully with a number of NHS national policies and strategies including:
- Five Year Forward View;
  - Healthy Lives, Healthy People: Our strategy for public health;
  - Transforming Community Services;
  - The NHS Outcomes Framework;
  - Quality, Innovation, Productivity and Prevention (QIPP) programs
- 3.3 In addition to facilitating the Strategic Goals of local Commissioners and the health economy wide clinical case for change, the Centre aligns particularly with national health policy goals around strengthening primary care, reducing over reliance on hospital care and improving the care of patients with long term conditions, enabling them to remain in the community.
- 3.4 The CCG requirement is for a 2130SqM facility which has been based upon the output from a dynamic activity modelling exercise undertaken by the CCG. This has incorporated demand projections provided by the CCG and agreed with its various stake-holders throughput and utilization assumptions.
- 3.5 A key requirement for the CCG is that the new facility is ready for use by Spring 2024 due to funding pressures from the Department of Health and HM Treasury. The CCG has been awarded two separate tranches of capital funding for the development of the Bromley Centre, subject to final business case approval. The total funding earmarked for the scheme is circa £11m, made up of £3m from the NHS ETTF fund and £8m from NHS wave 4 capital funding. Officers are therefore of the opinion that the CCG has adequate funding in place for such a scheme.
- 3.6 Negotiations have taken place with the CCG to progress this scheme, however, during the Spring of 2021 it became apparent that it was the CCG's intention to refurbish the former AK building rather than re-develop it.
- 3.7 This was considered a poor utilisation of the space and would restrict any ability to widen development scope in the immediate area and therefore diminish any returns for the Council in terms of creating new housing and

other facilities.

3.8 Consequently, Officers produced an alternative proposition for the CCG to consider which is detailed below.

3.9 That a wider scheme is developed by the Council utilizing the footprint of the existing Great Hall and AK Buildings as per the Plan below. This scheme would provide for a new Health and Well Being Centre together with a new Community Hall and a residential Planning Policy compliant scheme of circa 48 units above.

3.10 A Plan of the site is detailed below:



3.11 The scheme would be of 3-4 stories in height and massed in such a way that the higher elements would be located to the bulk of the existing Civic Centre buildings. Such a scheme would also improve the generic entrance to the Civic Centre in design terms.

3.12 The CCG would pay for their element of construction costs and then take a lease for the Health and Well Being Centre – this would be agreed and

documented via a Development Agreement between the Council and the CCG.

3.13 In terms of deliverability the Council would ensure that the scheme would be phased in such a way that the Health and Well Being Centre would be delivered first so as to meet the CCG's requirement set out at 3.5.

3.14 The CCG have been appraised of this approach and are committed to working with the Council to achieve delivery of the new Health and Well Being Centre within the scheme.

3.15 A fundamental principle for delivery is that the scheme is economically viable. An initial assessment of the costs v revenue shows a surplus of just over £1.5M – However this is an initial assessment and as the scheme develops will need to be refined.

#### REVENUE

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price
Block 1 - Social Units	14	10,516	220.00	165,251
Block 1 - Intermediate Units	10	7,010	425.00	297,925
Block 2 - Private Units	<u>24</u>	<u>17,526</u>	630.00	460,058
<b>Totals</b>	<b>48</b>	<b>35,052</b>		

Rental Area Summary	Units	ft <sup>2</sup>	Rent Rate ft <sup>2</sup>	Unit Amount
Health Centre (assumed cost neutral to LBB)	1	15,074	0.00	1
Community Hall	<u>1</u>	<u>7,947</u>		0
<b>Totals</b>	<b>2</b>	<b>23,021</b>		

Sales Agent Fee	1.00%	(140,206)	
Sales Legal Fee	0.50%	(81,671)	
			(221,877)

**TOTAL PROJECT REVENUE** **16,112,273**

#### DEVELOPMENT COSTS

##### ACQUISITION COSTS

Legal Fee	200,000
	200,000

##### CONSTRUCTION COSTS

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost
Health Centre (assumed cost neutral to LBB)	16,036	0.00	1
Community Hall	8,830	150.00	1,324,500
Block 1 - Social Units	15,241	190.00	2,895,710
Block 1 - Intermediate Units	10,159	190.00	1,930,290
Block 2 - Private Units	<u>26,555</u>	200.00	<u>5,310,909</u>
<b>Totals</b>	<b>76,821 ft<sup>2</sup></b>		<b>11,461,410</b>

Contingency	5.00%	573,071
Demolition		150,000
Planning & Assc Costs		300,000
CIL - Borough		245,410
CIL - Mayoral		147,246

				1,415,727
<b>PROFESSIONAL FEES</b>				
Professional Fees	10.00%	1,203,448		1,203,448
<b>MARKETING &amp; LEASING</b>				
Marketing		50,000		50,000
<b>TOTAL COSTS BEFORE FINANCE</b>				<b>14,330,585</b>
<b>FINANCE</b>				
Debit Rate 3.00%, Credit Rate 0.00% (Nominal)				
Total Finance Cost				251,038
<b>TOTAL COSTS</b>				<b>14,581,622</b>
<b>PROFIT</b>				<b>1,530,651</b>

3.16 In order to progress the scheme, the following professional services will need to be sourced and/or procured and it is intended, subject to Executive agreement, to appoint these services via appropriate Framework instructions through delegated Officer authority:

- Dedicated Programme Manager (estimated cost £220K)
- Planning Performance Agreement (estimated cost £50K)
- Procurement of Architects Stages RIBA Stages1-7 Inception through Practical Completion (with breaks) (estimated cost £475K)
- Procurement of Various Site Surveys (estimated cost £150K)
- Procurement of Services of a suitable Quantity Surveyor (estimated cost £50K)

3.17 The CCG fully recognize that the Council would not be able to make any final commitment to develop the scheme at this stage until all the scheme development issues have been delivered. This would also include the conclusion of the full business case analysis completed together with agreements as to the terms of the Development Agreement and contractor procurement strategy as to the physical construction.

3.18 The expenditure budget estimates identified at 3.16 are expenditure the Council needs to make to progress this scheme to enable the CCG delivery timescale identified at 3.5. Should the CCG not be able to complete a Development Agreement in due course then these sums would not be wasted as the space allocated to the CCG within the scheme could be utilised for office use. The market demand for new office space in central Bromley is high. It should be noted that the CCG are fully committed to a new Health and Well-being Centre in any event.

#### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

4.1 There is an impact on vulnerable Adults and Children to this consent, as ultimately those groups will use the proposed Health and Wellbeing Centre, which would be located closer to other Council services.

## **5. POLICY IMPLICATIONS**

5.1 A Council that manages its assets well.

## **6. FINANCIAL IMPLICATIONS**

6.1 The report sets out in 3.15 an initial development appraisal which shows an indicative potential surplus on development after all costs of £1.531m, which would represent a profit on costs of 10½%.

6.2 In Section 3.16, the report also proposes the need to undertake and procure professional services in order to progress the scheme, with the total cost estimated at £0.945m to take the scheme through to practical completion. Of this amount, a sum of £0.5m is requested at this stage to progress the scheme through the initial development stages.

6.3 The funding for these costs will initially be from the Growth Fund, for which there was an uncommitted balance of £12.7m as reported in the last capital monitoring update to the Executive on 15<sup>th</sup> July 2021. However, subject to details of the final scheme proposal, the final costs may be met through the Capital Programme, including any further costs for professional services above the £0.5m being requested now.

6.4 A more detailed report setting out the final proposed scheme, including an updated full development appraisal and business case, will be brought back to a future meeting. This report will also set further approvals required, including any addition to the Capital Programme as appropriate.

## **7. PERSONNEL IMPLICATIONS**

N/A

## **8. LEGAL IMPLICATIONS**

8.1 Section 123 of the Local Government Act 1972 will apply to in respect any disposal of Council owned land. The Council has the power to dispose of land provided always that pursuant to s 123 it is at the best consideration that is available.

8.2 The Council has the legal power to hold, maintain and develop its landholdings and buildings in connection with its functions and general powers in the way described in this report.

- 8.3 In furtherance of these statutory powers the Council may provide and commission through a contract the various consultancy services as may be necessary to inform its decision-making in relation to the preparation, use and development of the land as more fully set out in this report.
- 8.4 The commissioning of a services contract to provide Consultancy services is a public services contract within the meaning of the Public Contracts Regulations 2015 (Regulations). Where the value exceeds the relevant threshold (£189,330) such a procurement is governed by the Regulations and the council must undertake a full procurement exercise or utilise a framework which is compliant with the Regulations.
- 8.5 Where the value is below the threshold such a procurement is not governed by the Regulations. However, in accordance with its fiduciary duty the Council has a legal duty to manage funds contributed by taxpayers efficiently and to use such funds to the best advantage of the Council. Compliance with the Council's procurement Rules should satisfy the Council's fiduciary duty.

## **9. PROCUREMENT IMPLICATIONS**

- 9.1 It is proposed to proceed to procurement (and subsequent award of contract) for various professional services to progress the proposed scheme as outlined in this report. The proposed requirements include:
- Architect RIBA Stages 1 – 7 (estimated £475k whole life value);
  - Site Surveys (estimated £150k whole life value);
  - Quantity Surveyor (estimated £50k whole life value).
- 9.2 As per 5.3 and 16.7 of the Council's Contract Procedure Rules (CPR), the proposed requirements are within existing delegated authority of Officers to proceed to procurement and subsequent award. Should any individual procurement exceed the threshold for delegated authority, then additional delegation has been sought as per 2.4 of this report.
- 9.3 The proposed procurements are subject to 8.2.1 of the CPR which requires a suitable compliant route for each procurement. Suitable compliant routes, subject to the specific values for each requirement, include a Request for Quotes process, an Open or Restricted tender process or direct award or further competition via a compliant Framework. The specific route for each requirement is to be determined, subject to further consultation with the Corporate Procurement Team. It is indicated that use of compliant Frameworks would be the preferred route.
- 9.4 The proposed requirements are services within the meaning of the Public Contracts Regulations (2015). Where an individual requirement exceeds the relevant threshold of the Regulations (£189,330), then a suitable procedure compliant with the Regulations must be used.

- 9.5 For any requirement with a contract value of £25k or over, suitable notices will need to be published on Contracts Finder. For any that exceed the thresholds set out in the PCR 2015, suitable Find A Tender notices must also be published.
- 9.6 In compliance with the Council's Contract Procedure Rules (Rule 3.6.1), procurement must be carried out using the Council's e-procurement system.
- 9.7 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

<b>Non-Applicable Sections:</b>	Personnel
Background Documents: (Access via Contact Officer)	