



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 17 July 2024

EXECUTIVE

Meeting to be held on Thursday 18 July 2024

Please see the attached additional information requested at the meeting of Executive, Resources and Contract PDS Committee on 16th July 2024:

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

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Executive: Civic Centre disposal: Additional information

1. Options and business case for potential use as temporary accommodation or affordable housing self-delivery

In addition to disposal options for both temporary accommodation use and self-delivery affordable housing were undertaken.

Temporary accommodation use was fully considered. It is a complex site which would require significant refurbishment and conversion, with extensive utility and drainage works undertaken, to be able to meet the necessary standards for use as temporary accommodation. This would also be subject to a full planning application process. Whilst this would mean that business rates would not be payable for any of the buildings utilised for temporary accommodation use, there is not any available grant for this type of accommodation. Due to the nature of the site, it would also require isolation and separation of utility and service supplies.

In undertaking the options appraisal, the previous business cases for potential conversion of Anne Springman and Joseph Lancaster to temporary accommodation were considered alongside the surveys and work undertaken to identify on maintenance and refurbishment requirements which informed the business case regarding the purchase of Churchill Court. Rents are restricted for temporary accommodation. Taking account of the indicative refurbishment and conversion costs, together with the high management costs for temporary accommodation together with the restricted rents that can be charged would make this option financially unviable. The Old Palace would not be able to be utilised for temporary accommodation use and as such additional costs would be incurred in securing this building. Therefore, temporary accommodation use and conversion of the site was considered unviable.

Self-delivery considered the option of refurbishment, conversion, and demolition and rebuild. Refurbishment was rejected for the reasons set out above in relation to the costs of this work but also as this would not provide maximum efficiency and number of units on site.

Self-delivery (with all buildings demolished with the exception of the Old Palace) then assessed the potential to maximise unit numbers both as a fully affordable scheme or mixed tenure. The options appraisal for self-delivery was based upon obtaining maximum grant rates and could not be made to be financially viable. It should be noted that in all cases of assumptions for self-deliver officers assumed the most favourable data in terms of number of units that could be developed and grant rates.

The best financial scenario relied on 50% private sell (which also carries a risk to achieve maximum sale values for c.150 units all coming to the market at the same time – large sites can take years to sell all the units which has a financial impact). However even with maximum grant rates (the self-delivery model assumed a generous grant of £200k per unit which is more than we currently receive and as such not guaranteed particularly as grants post 2026 have not yet been announced) this model would run at a minimum £2.5m annual deficit. Taking account of potential current nightly paid accommodation savings, the annual

deficit would still be £900K and would not be able to cover running costs until year 16. Whilst this alone did not make self-delivery completely unviable, when you add to this the requirement to borrow £120m for the construction, and the risks and costs of borrowing such a large sum, officers concluded that self-delivery of housing was unviable. There remains inherent risks with the scale and complexity of the site which could increase costs further.

In summary the nature of the site, complexity, scale and inclusion of the listed building and associated costs results in no realistic viable option for the Council in developing/converting this site for housing and there remains the need to fund the Operational Property Review. The sale and development of the site will result in affordable housing which helps reduce future temporary accommodation costs.

In all scenarios, this would require full planning and would be likely to take 4-5 years for completion.

2. Potential Grants to support self-delivery.

Grant is not available for temporary use. The options appraisals for self-delivery are based upon obtaining the maximum grant level potentially available for affordable housing.

Consideration was also given to potential grants for the old palace as it is a listed building. Grant would not be available from Historic England and the only potential source would be National lottery funding. This would be subject to a full application process based on a fully worked up scheme which would take 18 months – so officers would always have to work on assumption that grant wasn't received. However even if successful the maximum grant potentially available would be c£2m which is not sufficient to secure financial viability for a self-delivery scheme.

3. Timescale for disposal

As explained to Members of ERC PDS there is a holding cost of circa £2m per annum:

Business Rates pa	Interest foregone	Security	Total
£1,000,000	£656,000	£520,000	£2,176,000

This would reduce the net financial benefit by circa £2.2m for each year that the Council holds the site and would not realistically be compensated by any future increase in value of the site. In addition there may be potential ongoing maintenance liabilities that would be required which would increase the costs even further. Such example would include the building maintenance costs particularly in respect of the Palace.

The sale is proposed to be completed in tandem with the Council vacating the Civic Centre so Live-In Guardians were not considered as necessary. In the event that this were used the Council would still be responsible for Business Rates in parts of the Civic Centre that are not occupied, without the benefit of the 3-month business rate exemption and would also be responsible building maintenance and utility costs as it would not be possible without considerable work to isolate the supplies to the occupied areas. The Council currently spends £640Kpa on utilities and the ongoing maintenance costs are estimated at £150,000 pa based on recent costs.

4. When was it decided that the previous planning application for refurbishment of the site was not a viable option?

There have not been any previous such planning applications. Assessment was undertaken on refurbishment of the civic centre site for continued use and this evaluation was set out in the executive report and business case for disposal of the civic centre and purchase of Churchill Court for the provision of a new civic centre. This business case demonstrated that the purchase of the Churchill court offered better value for money and efficiency compared to refurbishing the current civic centre.

Historically an options appraisal was also undertaken on the potential for use of Joseph Lancaster Hall and Ann Springman as temporary accommodation. However, the cost of conversion was financially prohibited and thus not progressed.

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