

Decision Maker: Renewal and Recreation PDS Committee

Date: 18th November 2014

Decision Type: Non-Urgent Non-Executive Non-Key

Title: TOWN CENTRES DEVELOPMENT PROGRAMME UPDATE

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Chief Officer: Marc Hume, Director, Regeneration and Transformation

Ward: All Wards

1. Reason for report

1.1 To update Members on progress in delivering the Town Centres Development Programme and the findings of the Growth Study and proposed programme of action. Member endorsement is also sought for the development of the project proposals for submission to the Mayor's High Street Fund which have to be submitted to the GLA by 1st December 2015

2. RECOMMENDATION(S)

Members

- 2.1 Note the progress on the delivery of the Town Centres Development Programme
- 2.2 Endorse the project proposal to be developed for submission to the Mayor's High Street Fund and delegate final sign off for any bid submissions to the Portfolio Holders for Renewal & Recreation and Resources, the Leader and the Director of Regeneration & Transformation.

Corporate Policy

1. Policy Status: Existing Policy: Bromley Town Area Action Plan
 2. BBB Priority: Vibrant, Thriving Town Centres:
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Financial

1. Cost of proposal:
 2. Ongoing costs: Non-Recurring Cost:
 3. Budget head/performance centre: Renewal and Capital Programme
 4. Total current budget for this head: £133k
 5. Source of funding: Town Centre Development Fund, capital receipts and TfL funding
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Staff

1. Number of staff (current and additional): 3
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Borough-wide
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No:
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

Development Programme

- 3.1 As agreed at R&R PDS on 1 April 2014 this report provides updates on only those individual projects where progress has been made.

Site G: West of the High Street (Churchill Place)

- 3.2 The Council's development advisers, Montagu Evans, have reviewed the MUSE Development proposal for developing Site G (Churchill Place) and have concluded that their proposals would expose the Council to significant and unacceptable financial risks without any clear financial return. As a consequence of this appraisal a Part 2 report will be considered by the R&R PDS (18 Nov) and Executive (26 Nov) which seeks approval to (i) terminate the Council's partnership with Muse Developments and (ii) consider an alternative development strategy and programme of actions that secures the Area Action Plan objectives.

Site C: Town Hall

- 3.2 Cathedral have been working to revise their scheme proposals in the light of the feedback that they received from CABE. This has delayed the submission of their draft planning application which has to be approved by the Council in its capacity as land owner prior to its submission to the local planning authority.
- 3.3 Cathedral have had meetings with the Council's planners and English Heritage and are aiming to finalise the design details and to complete the supporting information early in November to enable the submission of the planning application

Bromley North Village

- 3.4 The final phase of works is underway at the East Street/West Street junction. The High Street will be resurfaced in mid-November. The works will be completed on November 30th, although some snagging and contingency works will take place in 2015. As part of the post completion evaluation of the scheme a Stage 3 Safety Audit and business and visitor questionnaires will be undertaken and the results of the evaluation reported back to a future meeting of the R&R PDS Committee.

Beckenham Major Scheme

- 3.5 The Major Scheme's Design and Development phase is on schedule. A base Traffic Model has been developed and is with TfL for audit. TfL timetable for completing this audit is 4 to 6 weeks. Plans for improving the current traffic light junctions along the High Street have been tested for vehicle tracking (HGV movements). Pedestrian Origin and Destination surveys are due to take place in early December.
- 3.6 Design consultants have been working on more detailed plans, which take into account recent topographical surveys, the HGV tracking movements and information on utilities. In addition they have been considering street furniture and materials. These have been presented to the Working Group as well as presented at Beckenham Green Market Days. Sketch plans have been developed for Beckenham Junction Station forecourt.
- 3.7 Design consultants are currently working on options for the Cinema roundabout with a focus on improving the pedestrian access and environment. Three options will be tested by the TfL verified traffic model in order to ensure that any adverse impact on traffic is minimised.

- 3.8 In addition to the Beckenham Working Group meetings wider community consultation is on-going. The Market Day event on 20 September attracted approximately 80 visitors to the Council van exhibiting options for street furniture and materials. The Beckenham Improvements webpage on the Council's website is regularly updated, with plans as they are developing.

(current drawings available at meeting)

Proposed Beckenham Town Centre Conservation Area

- 3.9 Formal consultation period finished on 24 October. Approximately 100 responses have been received for far, in addition to a formal response from English Heritage. Analysis of these responses will be taking place and their outcome will be reported in the next committee cycle.

Orpington Town Centre

- 3.10 The Miller Development at the Walnut Shopping Centre for a cinema, gym and retail units is under construction and due to be completed 2015.
- 3.11 A planning application has been received from Berkeley Homes scheme for the Old Police Station site. The application consists of the erection of a 9 storey development comprising of 83 residential units, a retail unit, a Wellbeing Centre and 45 car parking spaces for the residential units.
- 3.12 The Council are keen to maximise the opportunity offered by these new developments to implement a comprehensive public realm improvements to the Walnut Centre. Designers have been commissioned to develop a RIBA Stage A – Concept plan for the public areas of Walnut Centre. A workshop with stakeholders was held on 11 September. Draft concept plans are with potential stakeholders/funders for their consideration and potential financial contributions to developing plans to RIBA Stage D. ***(Concept plan available at meeting)***

New Homes Bonus

- 3.14 The last R&R PDS Committee meeting considered outlined bids which the Council was proposing to submit for New Homes Bonus funding. These were:
- Penge Town Centre/ Crystal Palace (£1,050k)
 - Orpington Town Centre (£550k)
 - Biggin Hill Aviation and Technology Enterprise Centre (£164k)
 - Lagoon Road Industrial Estate Redevelopment (£164k)
- 3.15 In consultation with the Leader, Portfolio Holders for R&R and Resources, Chairman for R&R PDS and Ward Councillors bids were submitted on 29 August. All four of Bromley Council's bids were successful and were approved by London Enterprise Panel on 29 October.
- 3.16 These projects will commence from April 2015 and will need to be completed by March 2017. Between now and the end of March 2015, grant agreements will be negotiated and the projects will be further developed to commence implementation in April.

Mayor of London High Street Fund

3.17 On 2 October the Mayor of London launched the High Street Fund prospectus. Up to £9m has been made available until March 2016 by the Mayor to support projects that help achieve his ambitions set out in Actions for High Streets. This is the latest in a series of funding rounds, which started in 2011 with Round One of Outer London Fund, aimed at helping London's high streets to grow and become more vibrant.

3.18 The High Street Fund is open to proposals from Boroughs, sub – regional partnerships, town teams and business improvement districts, community groups and charities within London that wish to lead the regeneration of their local high streets.

2 October	High Street Fund prospectus released, application details available
1 December	Closing date for application
January 2015	Announcement of successful projects
March 2015	Grant agreements signed
March 2016	Fund closes

3.19 There are three categories of funding:

- Town team or BID, community group, local amenity group, school, charity, sub-regional partnership, London Borough – up to £20,000 with 25% match funding requirement
- Sub-regional partnership, BID or town team led partnership with London Borough – up to £200,000 with 50% match funding requirement
- London borough led partnership – up to £2,000,000 with 50% match funding.

3.20 For grants over £20k the Council will need to be the accountable body and take responsibility for the financial management, including claims which will be paid in arrears. Informal feedback from the GLA indicates that they are likely to limit large capital allocation of up to £2m and these will be focused on areas not previously in receipt of Mayoral funds under the Outer London Fund. To date Bromley Town Centre has received approximately £2.5m from OLF allocations. Both the Penge Town Team and Orpington 1st BID have indicated that they would wish to partner with the Council in the submission of separate bids for up to £200,000. An outline of each of the bid's proposal is set out below. Both proposals seek to use the Council's NHB projects as match funding which is acceptable to the GLA. Part of the ongoing bid development will be examining the risks of partnering with each of the teams and calculating the projected costs to the Council of managing and administering the projects if successful.

Penge Town Team proposals:

3.21 The newly formed Penge Town Team would like to submit a bid for up to £200K which will consist of three projects.

a. Penge Community Canteen

3.22 A community canteen for the Penge Area, run by and for the community which will provide a training and development programme targeting 16-20 year old NEETs from the Penge

area to provide them with the relevant workplace skills to support their progress into the food/ service sectors.

- 3.23 This will include setting up of a “third space” venue for local people to do their own food related pop-ups or residences launching food service or retail businesses, acting as a community hub for shared food experiences, from national cuisine days to supper clubs as well as a venue for cookery classes for and by the community.

b. An Enhanced Penge Festival

- 3.24 The Penge Festival, founded in 1972 as a way of promoting and developing existing community relations in the town has been bringing the community together for over 40 years. It is the objective of the Penge Town team to develop this event into something spectacular using skills and talent already inherent within the community. This will have community-based emphasis that celebrates the artistic excellence of the local area, embracing and reflecting its diversity. Events to be held in May over a week, will likely include and Arts/Heritage Trail, Street Theatre, free open air cinema, musical performances, various workshops and much more culminating in a major celebration of Penge cultural life.

c. Capacity Building for the Penge Town Team and A Community Development Hub.

- 3.25 Building the physical and virtual presence of the newly established Penge Town Team, initiatives proposed include the launching and maintenance of the Town Team web site and the provision of accommodation for the Town team in the town centre. This space will also double up as a community hub providing an address for a drop-in centre for the local CAB, IT training courses and a meeting space for local community groups. The town team is currently looking at various vacant units in the town centre as options. Funding will also be sought for a part-time staff member to coordinate the Town Team programme. This project will link into the expanded business support programme submitted in the NHB bid for Penge.

Orpington 1st proposals

- 3.26 The Orpington submission seeks to develop on the embryonic work of Orpington 1st Bid in expanding their Enterprise Hub, through which a programme of support for businesses currently trading in the town and those companies and individuals seeking to establish a business is delivered. Currently the Enterprise Hub has secured on a pro bono basis the advice services from a bank, solicitors and commercial agent, although this is relatively limited. Funding would be sought to purchase a package of advice services which would be flexible enough to meet the development needs of prospective clients. The Enterprise Hub is also currently delivering a small programme of training, delivered by Prospect Consultancy, aimed at returners to the workforce. It is proposed that this and similarly focused training initiatives are developed and expanded through the High Street funding to allow the programme to develop and become self-funding in the future. The initiative therefore supports the development of the capacity of Orpington 1st to grow and prosper and provide the business support network which will a long term legacy of the High Street funding.
- 3.27 In addition to providing the support services the initiative will also focus on providing a variety of trading platforms for new and developing businesses, which could be real, virtual, temporary or permanent. Discussions have taken place with Bromley College with a view to supporting the establishment of a series of pop up food stalls focused on showcasing the culinary skills of the College students on the College’s hospitality course. It

would also provide them with the business support skills need to trade successfully. This would be complimentary to the College's own trade restaurant and something that could be accommodated in the refurbished College Square. There is also scope to extending the scope of the pop up stalls for wider business users on to the High Street. There is also an ambition to use the funding to secure the leases on a number of vacant High Street retail units for use as pop up shops. It is proposed that these pop up shops will be used to encourage and support start up business, through providing the trading platform and business support. Selection would be on a competitive basis, with free initial leases restricted to a three month period to encourage a culture of enterprise.

3.28 Proposals for Penge and Orpington will be developed further in consultation with the Leader, Portfolio Holders for R&R and Resources, Chairman of R&R PDS and Ward Councillors. Subject to their support a formal bid will be submitted by Director of Regeneration and Transformation for the 1 December 2014 deadline.

3.30 Town Teams working in other centres in the Borough have been notified of this funding. It is understood that the Chislehurst, Beckenham, Bromley and Penge Town Teams are looking to submit smaller bids for their areas. The Council will not be required to be the accountable body for these smaller bids.

Growth Area Study – Next Steps

3.31 The Local Plan report to Executive in February 2013 identified as a key policy objective the maximisation of economic growth. This included a commitment to identifying investment opportunities and undertaking key infrastructure improvements in the main growth areas of: Biggin Hill; Cray Business Corridor; and Bromley Town Centre. In support of this objective consultants URS and DTZ were commissioned to provide a critical assessment of the future growth capacities of both the Biggin Hill (Strategic Outer London Development Centre) and the Cray Business Corridor. These growth assessments have been used to inform the development of planning policy options for these areas, the results of which have already been reported to the Local Development Framework Advisory Panel throughout 2014 as part of the Local Plan review. These studies have also been critical in the identification and prioritisation of development opportunities that will inform future investment applications to the Council's Economic Development & Investment Fund.

3.32 A majority of the Borough's employment land 89 hectares (excluding town centres) was surveyed as part of the study. Currently 34% is used for Warehousing (B8) uses; 24% for Industry (B2); Retail (A1) 15%; Offices 8% and vacant 9%. ODPM Guidance recommends applying an optimal floorspace vacancy rate of 8%. Table 1.1 illustrates that the employment by use class for both the Cray Corridor and Biggin Hill.

Table 1.1 Current Land Use

	B2 Industrial	B8 Warehousing	A1 Retail	Other	Vacant	Total (Hectares)
Cray Corridor	11.87	13.95	10.24	6.88	6.62	49.56
Biggin Hill		3.15		2.41	1.56	7.16
Total	21.27	31.43	13.79	12.46	10.05	89

Cray Business Corridor

- 3.33 The findings from the URS study into growth capacity work found that the Cray Business Corridor supported the largest concentration of industrial based SME's in the borough. The corridor consists of a wide variety of employment sites which on the whole are well functioning, well managed and support a diverse range of SME businesses. The study concludes that given the good strategic characteristics and continued decanting of industrial firms from central London there is likely to be a continued overall gross demand for space within the Cray Corridor.
- 3.34 However, there are major constraints to redevelopment in the Corridor, the benchmark industrial land values for an acre is £650-£750k (£1.60m - £1.73m per hectare) which is well below the values retail or housing uses can support. New industrial floorspace supports typical rents in the order of £8.50 - £9 per sq. ft. (£90-£95 per sq. m) and the investment yield for a new multi-let industrial estate is likely to be between 6-6.25%. Given a typical benchmark build cost of industrial buildings of £50-£60 per sq. ft. (£550-£650 psm) this is a major impediment to the redevelopment of industrial floorspace as speculative developers can achieve a better return on non-industrial development.
- 3.35 In depth analysis of capacity of the corridor found that the area could support a maximum additional growth of approximately 58,000 sq. (11.6ha) over the next 15 years, which at a blended industrial job density of 1 job per 54m² would equate to 1074 new jobs. This increase in floorspace would be achieved through a combination of redevelopment of current sites at higher densities and the re-use of vacant and derelict sites. The areas the study identified as having growth potential included: (Map1 attached as Appendix 1).

Growth Area	Size Hectares	Net Additional floorspace Sq.m
C1. Ruxley Corner including vacant Klingers site	2.7	13,500
C.1 Vacant Land rear of Tesco Edington Way	3.1	15,500
Cluster 2.1 Crayfield Industrial Estate	1.8	9,000
Cluster 3.5 and Lagoon Road Industrial Estate.	4.0	20,000
Total	11.6	58,000

- 3.36 The URS Study recommends that the Council's resources are directed to enabling economic growth in the above locations with the aim of providing suitable and affordable industrial workspace for a range of industrial focused SME's. This growth will be brought forward partly through private owners redeveloping vacant sites such as the Klingers site at Ruxley Corner, which is currently being actively marketed. However the growth opportunities for Lagoon Road Industrial Estate are more constrained and will take much more effort to unlock their potential. The Lagoon Road Estate currently contains under developed and long term derelict sites and there has been a clear failure of the market to bring about a timely redevelopment. This is in part due to the fragmented landownership patterns, poor servicing infrastructure and competing uses increasing the cost of industrial land. The initial site assessment for Lagoon Road is attached as [Appendix 2](#). Initial discussions have taken place with agents acting on behalf of the Phoenix Life the main landowner in Lagoon Road concerning joint working. Approaches have also been made to the commercial agents acting for Allied Bakeries who are looking

to significantly downsize their operation on the adjacent site. Preliminary work has also been undertaken with Commercial Agents Michael Rogers concerning redevelopment/investment opportunities in Kangley Bridge industrial estate.

- 3.37 The next stage in assessing the precise nature of the redevelopment/investment opportunity for Lagoon Road and other identified areas, is the preparation of development briefs. This work would determine which interests need to be acquired to deliver a viable scheme as assessed via a detailed financial appraisal. This work would also build upon the infrastructure and transport assessments carried out to date. It is anticipated that the work programme will also examine the potential for alternative management of the Corridor such as the establishment of an Industrial Business Improvement District.
- 3.38 Funding for a dedicated development planner post to manage and drive forward this project has been approved by the London Enterprise Board and work will commence of the recruitment to the post on an initial two year contract commencing in April 2015. A report is also due to be considered by the Executive in November which seeks to allocate specific funding of £10m from the Economic Development & Growth Fund to support investments in the Growth Areas of the Cray Business Corridor, Biggin Hill and Bromley Town Centre.

Biggin Hill

- 3.39 The Strategic Outer London Development Centre (SOLDC) designation provides a great opportunity for the Council to adopt a more positive approach towards future development at Biggin Hill. Whilst the emerging findings from the Davies Commission on future aviation policy also provides support for the growth of smaller regional airports. The current growth strategy being promoted by the Biggin Hill LoCATE Partnership forecasts growth of up to an additional 70,000 sq. m of floorspace, which could equate to approximately 2,300 new jobs over the next 20 years. This is based on generating additional demand from existing occupiers and significantly expanding the opportunities to attract more global occupiers, supply chain and international customers' bases. Operational changes in the way regional airports operate, most notably Luton, will lead to the displacement of significant numbers of business aviation flights, which will be looking to relocate along with their servicing needs. Biggin Hill Airport Limited believes that the adoption of a more flexible planning framework will allow them to compete and capture a large portion of this displaced business aviation, generating the projected growth.
- 3.40 Whilst the majority of this growth would be focused on the provision of new hangarage and servicing facilities for relocating Original Engine Manufacturers (OEM) and Aircraft Operating Companies (AEC), a significant percentage could be generated by Small and Medium Enterprises (SME's) connected to the aviation supply chain. The growth in both OEM's and AOC would generate demand for a whole range of specialist services and create a demand for mechanical and electrical engineers to work both air side servicing the aircraft but also in the expanded supply side SME's needed meet this increase in demand. Currently a majority of the SME's in the SOLDC area are concentrated off airside in the Concorde Business Centre on the adjacent Airport Industrial Estate. The URS report confirmed that for every business jet who uses Biggin Hill as home base generates 8 FTE jobs.
- 3.41 The report also recommends that the main focus for Council intervention, outside of the wider planning policy review, should be on developing a credible long term business led solution for the cluster of Listed Buildings that form West Camp. It is proposed that the Council plays a more active role in the redevelopment of this area, utilising the potential offered by the prospective Mayor's London Enterprise Panel Growth Fund allocation for a

future skills academy. This could also be linked to expanding employment floorspace for smaller businesses linked to aviation and mechanical and electrical engineering, who are currently housed in the smaller of the industrial estates in South Camp. The ambition is for the creation of a regional engineering training and business hub. This would require securing ownership of the site and taking a more active role in the development and delivery of the skills academy. These issues and opportunities are the subject of on-going and active discussions with the GLA, Pentbridge Properties the landowners, Bromley College and the airport operator.

- 3.42 The URS report concluded that the former RAF element of the West Camp estate could be redeveloped through a reuse of existing Listed Buildings and new build to provide for 8,812 sq. m. additional employment floorspace. This could provide a range of business units for SME's businesses and form the core of the Aviation Technology and Enterprise Centre, including the training academy. The Council is keen to explore options to provide business support as part of the initiative and officers have already held talks with a range of specialist providers.
- 3.43 The next stage in the project development is to build upon the URS work and undertake a detailed feasibility report, with preliminary business plan for the development of the Biggin Hill Centre for Aviation Technology and Enterprise. This would explore site acquisition options, and different types of operating models to identify an appropriate delivery mechanism through which to develop and implement a preferred scheme. This would include the preparation of an overall masterplan for the site to reduce planning risk, fund necessary infrastructure to improve the opportunities for viable development and disposal of plots (freehold or long leasehold) on a site by site basis. The further assessment work would include:
- Site due diligence
 - Detailed financial appraisal to demonstrate viability
 - Site valuation
 - Site assembly strategy
 - Market testing
 - Identification of an appropriate procurement process
 - Comprehensive risk assessment
- 3.44 Funding for a dedicated development planner post to manage and drive forward this project has been approved and work will commence of the recruitment to the post on an initial two year contract commencing in April 2015.

4. POLICY IMPLICATIONS

- 4.1 Work delivering the Town Centres Development Programme is entirely consistent with Policy Objectives set out in Building A Better Bromley 2011-2012 and the Renewal & Recreation Portfolio Business Plan 2013/14. The work of the Renewal team links to the Building a Better Bromley priorities by working towards the provision of Vibrant and Thriving Town Centres.

5. FINANCIAL IMPLICATIONS

- 5.1 A sum of £233k was set aside by Members to fund the Town Centre Development Programme. To date £179.8k has been spent leaving a balance of £53.2k available to fund specialist advice for the remaining part of the process.
- 5.2 TfL have provided £164k funding during 2014/15 to enable the design and development phase of the Beckenham Project to be undertaken.

- 5.3 In September, £47k of S106 funds was agreed to be used to fund improvements in Beckenham Town Centre.
- 5.4 The GLA have top sliced the National Home Bonus allocation from each Local Authority in London. The GLA have approved the following bids for LB Bromley; -

Project	Capital £'000	Revenue £'000	Total £'000
Penge Town Centre/Crystal Palace	1,000	50	1,050
Orpington Town Centre	500	50	550
Biggin Hill Aviation Technology & Enterprise Centre	0	164	164
Lagoon Road Industrial Estate Refurbishment	0	164	164
Total approved bid	1,500	428	1,928

- 5.5 The High Street Fund bid if successful will be a grant award from the GLA paid in arrears upon the completion of agreed milestones. In terms of the match funding element, leverage can be provided by the use of the successful New Homes Bonus awards for Orpington and Penge Town Centres.
- 5.6 The GLA have not yet finalised guidelines/grant conditions relating to the High Street Fund applications. It is therefore not possible to assess the level of staff time that will be required for the monitoring and administration of any successful schemes, together with the number of claims and level of detailed supporting documents that will be required from the Council as the accountable body. Officers will endeavour to ensure that the projected costs to the Council will be incorporated into each of the project bids.
- 5.7 A report is being submitted to the Executive requesting approval of £135k from the Economic Development and Investment Fund, to meet the estimated costs of the proposed revised development programme for Bromley Town Centre.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	NA