

Report No.
DRR17/067

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **EXECUTIVE**
For Pre-decision scrutiny by the E&R PDS on 29 November 2017

Date: **Wednesday 6 December 2017**

Decision Type: Non Urgent Executive Non-Key

Title: **DISPOSAL OF OLD TOWN HALL AND SOUTH STREET CAR
PARK AND IMPACT ON CIVIC CENTRE DEVELOPMENT
STRATEGY**

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Chief Officer: Colin Brand, Director of Regeneration

Ward: Bromley Town

1. Reason for report

Following the Executive decision of 22 March 2017, to terminate the Development Agreement for the disposal of the Old Town Hall it was agreed to seek alternative uses for the site. Cushman and Wakefield were instructed to advise as to how the Old Town Hall site could be utilised as part of the Civic Centre Development Strategy.

Members were advised that the impact of this utilisation would be reported to the Executive together with recommendations as to the future of both sites which would include disposal/capital receipt generation appraisals.

2. RECOMMENDATION(S)

- 2.1 **To note that the Old Town Hall Complex and South Street Car Park freeholds cannot be utilised for the Council's own purposes and therefore to agree that both sites should be marketed for disposal on the open market on an unconditional basis.**
- 2.2 **To note that annual revenue savings of £110k will result if the Old Town Hall and car park are sold.**
- 2.3 **To note that a new option for the Development Strategy of the Civic Centre has been identified which will require further appraisal which is estimated to cost between £40-45k and that once the cost has been clarified (within the aforementioned range) that the Resources Portfolio Holder be authorised to approve this work.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: There is not considered to be an impact on Vulnerable Adults and Children as a consequence of this decision.
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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: Estimated Cost A capital receipt of circa £8-10M is anticipated from the freehold disposal of the Old Town Hall and the adjoining South Street Car Park and annual revenue savings of £110k.
 2. Ongoing costs: Recurring Cost annual revenue savings of £110k if sold
 3. Budget head/performance centre: Exchequer House and South Street Car Park
 4. Total current budget for this head: £126k and Cr £16k
 5. Source of funding: Existing revenue budget 2017/18
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Personnel

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

1. Legal Requirement: Statutory Requirement: Local Government Act 1972 Section 123
 2. Call-in: 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): N/A
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Ward Councillor Views

1. A meeting is due to be held with Ward Councillor's on 16 November.

3. COMMENTARY

- 3.1 Members will be aware that on 22 March 2017 the Executive agreed to terminate the Development Agreement for the disposal of the Old Town Hall and the adjoining South Street Car Park.
- 3.2 The Executive agreed that alternative uses for the site should be considered and further recommended that non-residential uses should be considered for the Old Town Hall site but not the South Street Car Park site.
- 3.3 Members will be aware that the Executive approved the Development Strategy for the Civic Centre site on 18 May 2016. At that time the possibility of the Old Town Hall being available for Council use was not a consideration. Following the Executive decision in March 2017, the Civic Centre Programme Board decided to re-evaluate the Civic Centre site development strategy.
- 3.4 The Programme Board instructed Cushman and Wakefield to advise whether the Old Town Hall site could be utilised as part of the Civic Centre Development Strategy. Members were advised that the impact of this utilisation would be reported to the Executive together with recommendations as to the future of both sites which would include disposal/capital receipt generation appraisals.
- 3.5 Cushman and Wakefield have now reported and a concluded that the creation of space within the Old Town Hall complex either as a Democratic Hub or to house staff was not viable due to the associated costs of refurbishment and inflexibility of space utilisation – noting that the Old Town Hall Buildings are Grade 2 Listed.
- 3.6 Cushman & Wakefield have provided estimated Capital receipts from the disposal of the component parts of both the Old Town Complex and the Civic Centre which are tabulated below:

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| Old Town Hall Complex | |
| Entire complex (Old Town Hall, Exchequer House and South Street Car Park) Old Town Hall/Exchequer House (£4M) South Street Car Park (£5M) | £9M |
| Civic Centre | |
| Scheme of 61 Townhouses and 14 Apartments (Original Scheme) | £13.25M |

- 3.7 The Council has already received an unsolicited and unconditional offer of circa £9M for the Old Town Hall complex and South Street Car Park which substantiates the Cushman & Wakefield estimate. The market is actively aware that these assets are likely to be marketed shortly. Interest has come from numerous parties ranging from Apart-Hotels, Offices and various mixed use schemes.
- 3.8 Consequently it is recommended that the freehold interests in the Old Town Hall Complex and South Street Car Park be disposed of on the open market – seeking unconditional offers for each. The outcome of the marketing exercise would be subject to Executive Approval.
- 3.9 Should the Executive approve the above recommendation then work will commence immediately to be prepare a marketing campaign with a view to receiving initial offers by 1 April 2018 with best and final offers by 1 June 2018. The costs of this work are covered in the TFM

Contract Schedule of Services and as such are already paid for by the Council to Cushman and Wakefield.

- 3.10 Officers have reviewed in detail the findings of the Cushman and Wakefield report and have concluded that a further option should be considered in respect of the Civic Centre site.
- 3.11 Members will be aware that the Executive approved the Development Strategy for the Civic Centre site on 18 May 2016 with a budget of £14.1M predicated on the retention of North Block, Stockwell Building and the demolition of the Adventure Kingdom and Great Hall Buildings and the development of a new Democratic Hub on those sites. The remainder of the site, excluding a designated area of park land, would then be sold.
- 3.12 This new option would retain the Council Chamber, The Place and East and West Wings but sees the disposal of the Adventure Kingdom together with the Great Hall which may result in a higher capital receipt. This would create three distinct development zones for the Civic Centre site;
- 1) Anne Springman House and Joseph Lancaster House
 - 2) Adventure Kingdom and Great Hall
 - 3) St Blaise Building
- 3.13 Whilst this is a do minimum Option (taking into account some refurbishment, in particular to the Stockwell Building, together with maintenance backlog works and some works to site connectivity) it is believed that this could be achieved via a phased development plan. However, more work would need to be done to fully evaluate this new option against the original scheme.
- 3.14 Cushman and Wakefield have advised that in order to progress this effectively, further appraisal works should be undertaken to assess the viability of this new option – taking into account changes to assumptions made as to staff growth in the original Development Strategy approved in May 2016 which need to be clarified, planning matters and the outcomes the Council is seeking for its work force and work place. In essence a Master Plan for the site and how it will be occupied would need to be created.
- 3.15 A specification for this further appraisal work is currently being prepared and will be costed by Cushman and Wakefield using the TFM Contract Schedule of Rates. It is anticipated that this work will cost between £40-45k.
- 3.16 Subject to the Executives approval it is recommended that once the cost has been clarified (within the aforementioned range) that resources Portfolio Holder be authorised to approve this work.
- 3.17 The sum will be met from the Professional Fees element of the £14.1m Civic Centre Development Strategy allocation from the Capital Programme.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 There is not considered to be an impact on Vulnerable Adults and Children as a consequence of this decision.

5. POLICY IMPLICATIONS

- 5.1 The Council's aims include being an authority which manages its assets well.

6. FINANCIAL IMPLICATIONS

- 6.1 A capital receipt of circa £8-10M is anticipated from the freehold disposal of the Old Town Hall and the adjoining South Street Car Park.
- 6.2 Once the sale goes through, there will be net annual revenue savings of £110k.
- 6.3 Should the additional appraisal work for the Civic Centre site be undertaken, the estimated cost of £40k to £45k will be funded from the £14.1m held in the Capital Programme.

7. LEGAL IMPLICATIONS

- 7.1 Section 123 of the Local Government Act 1972 requires a local authority to secure the best consideration reasonably obtainable when it disposes of land (other than on a lease of 7 years or less) unless it has the benefit of an express or general consent of the Secretary of State.
- 7.2 By openly marketing the freehold of these assets the Council will be able to discharge its Section 123 obligations in a transparent manner.

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| Non-Applicable Sections: | Personnel Implications Procurement Implications |
| Background Documents: (Access via Contact Officer) | Cushman & Wakefield – Democratic Hub Options Appraisal dated 25 th October 2017 |