

Decision Maker: EXECUTIVE

**FOR PRE-DECISION SCRUTINY AT THE RENEWAL,
RECREATION AND HOUSING POLICY DEVELOPMENT AND
SCRUTINY COMMITTEE**

Date: Wednesday 1 April 2020
Wednesday 25th March 2020

Decision Type: Non-Urgent Executive Non-Key

Title: BROMLEY TOWN CENTRE IMPROVEMENT SCHEME: A NEW
APPROACH

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

Ward: Bromley Town;

1. Reason for report

- 1.1 This report provides members with an update on the Bromley town centre improvement scheme. The report sets out the progress made to date, summarises the issues affecting the delivery of the reflective canopies and commercial units, and recommends a new approach for the completion of the scheme. Investment in the town centre is important to ensure that the town maintains and improves its market position and continues to thrive.

2. **RECOMMENDATION(S)**

Members of the Renewal, Recreation and Housing Policy Development & Scrutiny Committee are asked to note the content of the report and provide their comments, prior to the Executive being asked to:

- 2.1 Note the issues affecting the delivery of the planned commercial units and reflective canopies and agree not to proceed with these elements of the improvement scheme.
- 2.2 To agree to a new approach to the completion of the improvement of the town centre as set out in paragraph 3.18 which will help to ensure that the town remains vibrant and competitive.

- 2.3 To create a budget of £1.215m for the delivery of the new approach for the completion of the capital scheme by agreeing to:
- Reallocate the £415k originally approved within the capital programme for the commercial units; and
 - Now add £800k previously agreed in principal for the reflective canopies to the capital programme.
- 2.4 To note that spend will be controlled through member review and sign-off as set out in paragraph 3.23.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Improvements to the High Street will benefit vulnerable adults and children by creating opportunities for access, inclusion and independence.
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Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Vibrant, Thriving Town Centres Regeneration
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Financial

1. Cost of proposal: £1.215m
 2. Ongoing costs: TBD with the aim of generating income to meet future maintenance costs
 3. Budget head/performance centre: Capital Programme - Bromley High Street Improvements
 4. Total current budget for this head: £3.875m
 5. Source of funding: Growth Fund
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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: None:
 2. Call-in: Applicable:
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Procurement

1. Summary of Procurement Implications: An open tender will be used to appoint an architect led multi-disciplinary design team with specialism in urban design and public realm. The procurement will be compliant with the Council's Contract Procedure Rules.
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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. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: A draft of this report was circulated to ward councillors on 27th February 2020, and a meeting was arranged for 10th March 2020 to discuss the proposals.

Ward Councillors support the recommendations in this report, acknowledging that the circumstances had changed and it was therefore right that the approach did too:

“It feels like a bad idea to be creating new commercial units when we have others available. I am also sceptical of the business case for the canopies and would welcome other ideas on how to spend the money.” Ward Councillors agreed that further investment in the public realm was important and were generally supportive of the concept of covered outdoor seating and programming space but expressed uncertainty about the suitability of a town centre screen. Ward Councillors supported the idea of using Council owned vacant units to create space available on a flexible basis to attract new businesses.

3. COMMENTARY

- 3.1 At their meeting on 26th November 2014, members of the Executive agreed a development strategy for Bromley town centre and approved funding for a number of town centre initiatives including improvements to the public realm.
- 3.2 At their meeting on 22nd March 2017, the Executive approved a capital scheme to deliver public realm improvements in the pedestrianised area of Bromley High Street which would tackle the disjointed nature of the public realm in the town centre, improve the quality of the High Street experience and create distinctive spaces (**DRR17/005**). Following consultation with stakeholders, the agreed aims of the scheme were the:

- Introduction of a hierarchy of public spaces where people can dwell
- Creation of shelter within the High Street for year round enjoyment of the public realm
- Creation of better links to Bromley's green space
- Encouragement of street activity and enhancement of the pedestrian experience

- 3.3 The scheme envisioned a number of character areas for the pedestrianised zone of the High Street through the delivery of the following interventions:

- A relocated and improved street market between the Churchill Theatre and Market Square
- New high quality granite paving and improved street lighting
- Feature lighting of buildings
- A multi-purpose public space in the in front of the High Street, Churchill Theatre frontage
- The introduction of two eye catching reflective canopies
- The introduction of two commercial units on the High Street
- An urban garden of raised planters with trees and plants

To date, all elements of the scheme have been delivered, excluding the canopies and commercial units. (There is also some additional paving to be laid once the works to the cladding on Central Library and the Churchill Theatre is removed at the end of February 2020).

- 3.4 When the scheme was agreed in 2017, further work was needed to design and cost the canopies and commercial units. Therefore the budget allocated for the scheme from the Growth Fund excluded these elements. In October 2018, the Executive considered a report (**DRR18/053**) outlining the detailed design work completed by ECD Architecture for two mirrored canopies and two commercial units. They also considered the costs for these projects, estimated at £1.2m and £415k respectively. It was agreed that whilst the canopies would be ambitious transformational statements in the town centre, the £1.2m cost was not justified and that the budget for the canopies should be capped at £800k. As a result, only the cost for the construction of the two commercial units was added to the scheme budget in the capital programme, but members did also agree in principle to a provisional budget of £800k for the canopies but this was subject to approving a revised design before making a commitment.

Commercial Units

- 3.5 The two commercial units for the High Street were modular in design with elevational finishes and frontages in glass to minimise their visual impact and complement the sense of pedestrian permeability important in the public realm design. Both were to be located in the pedestrianised part of the High Street; one by Elmfield Road (near Metrobank) and one south of the Churchill Theatre.
- 3.6 The commercial units were expected to generate a yield of up to 14% at that time, making an annual income of between £48k and £58k per annum although these figures do not make any allowances for voids. The Executive previously agreed that yield of up to 8% would be used to fund the future maintenance of the canopies; any revenue raised above that percentage would be put towards an enhanced street cleansing programme for Bromley High Street.
- 3.7 With the Executive's agreement, planning consent was sought for the two commercial units. Permission was granted in June 2019 for retail class A1 use. Permission was not sought for restaurants and cafes class A3 use; this was because in order for the planning authority to have determined any application, information about the design of the ventilation was required, and this design element would have been adapted depending on the type of food or beverage offer, which at the time could not be known as tenants had not been identified.
- 3.8 Concurrently, and led by Amey's capital team, the construction of the commercial units went out to tender in accordance with the Council's Contract Procedure Rules. There were initially a good number of expressions of interest. However, only three tenders were returned with fourteen suppliers choosing to opt out of tendering. All of the tenders received had to be disqualified:
- One supplier only submitted a form of tender without any of the required additional documentation, and the tendered price was too low to be credible.
 - One supplier submitted a price within budget but went into administration following the submission of their tender
 - One supplier qualified their tender and was significantly over budget.

Research was undertaken to find out why so many suppliers chose to opt out of tendering; this was mainly because they felt they could not be competitive (as their price would not be within the Council's stated budget), or because they could not meet the Council's requirements around financial suitability.

- 3.9 On this basis, a straight re-tender is not recommended as the Council will incur costs and, based on market feedback, it is unlikely to yield a more successful outcome.
- 3.10 There are a number of options for the future of the commercial unit element of the scheme:
1. Agree to increase the budget for the commercial units and re-tender the construction of the original designs

Advantages: Retain the integrity scheme design, generate the maximum amount of income.

Disadvantages: Increase in scheme cost, further financial risk during construction phase, market risk affecting realisation of income and reduced yields.

2. Go out to tender for one commercial unit only, making use of the whole available budget on one unit

Advantages: Retain the integrity of unit design, no uplift in scheme budget required, reduction in financial risk.

Disadvantages: Income generation/yields potential significantly reduced, scheme design compromised, market risk may affect realisation of income, time and cost of tendering.

3. Value-engineer the commercial units in order to reduce the construction costs

Advantages: Ability to retain two units and generate income, scheme budget not impacted.

Disadvantages: Scheme design and design of units will be compromised, quality of rental space will be impacted which may reduce the level of income that could be expected, cost of re-design and re-tender, risk that units cannot be value engineered within budget, need to reapply for planning consents, market risk that tenants will not be found.

4. Consider alternative options for commercial units in the High Street, for example low cost temporary structures

Advantages: Ability to generate income, scheme budget not impacted.

Disadvantages: New planning consents required, reduction in quality of the unit will impact on income that can be generated, design of unit will undermine the aims of the capital scheme, market risk that tenants will not be found, although achievable within budget only insignificant cost savings due to groundworks required.

5. Decide not to proceed with the construction of commercial units and reconsider the approach to the completion of the capital scheme.

Advantages: Reallocation of scheme budget to support the vitality of the High Street by alternative means or return of scheme budget to the Growth Fund, avoid market risk, avoid financial risk.

Disadvantages: Loss of income generating potential, original scheme design not delivered, loss of consultant fees.

- 3.11 Soft market testing revealed that the canopies could not be delivered within the £800k budget and to value engineer the canopies would undermine the design intent. It would be possible to deliver one of the canopies within the existing scheme budget, however this is not an optimum solution; it would lack context and impact. Officers concluded that it would not be a good use of budget to spend money on further re-designs of this element of the scheme.

The case for a new approach

- 3.12 As a result of the issues raised by progressing the commercial units and canopies, officers have reflected on whether the two scheme elements make the best use of the available space in the town centre and the remaining scheme budget.

- 3.13 This report recommends that members take this opportunity to reconsider the best way to complete the capital scheme and achieve the aims set out in paragraph 3.2 without proceeding with the commercial units and the current design for the canopies, neither of which can be adequately achieved within the agreed budget.

- 3.14 Continued investment in Bromley town centre is crucial to ensure that the town remains in the top 50 towns for retail spend. If the town drops below the top 50, market flagship stores which

act a main draw for shoppers will no longer be attracted to maintaining a presence in the town. That said, Bromley town is identified as having the 25th most retail spend potential of shopping areas in England and is placed above Lakeside and Croydon. Increasing the town centres vitality is important to maintain the town's profile as a place to do business, for leisure and as a shopping destination.

- 3.15 Whilst vacancy rates in the town centre have improved since the public realm projects in Bromley North Village and the pedestrianised area of the High Street, and the introduction of the Business Improvement District, there are still a considerable number of vacant units in the town centre (the vacancy rate is 9.4%) with a considerable number in high profile positions. Consultation with a local agent has reported that the market for retail tenants is competitive and whilst they would be confident in securing a tenant for a high quality and prominent offer in the pedestrianised part of the High Street as would have been offered by the commercial units, this would create additional competition for the vacant properties already on the market.
- 3.16 The agent also reported that there was a demand for flexible tenancies offered on a short-term basis creating lower risk opportunities for business start-ups to explore having a High Street trading location. Creating space for new businesses in town centres is an approach endorsed for healthy town centres in the Mayor of London's 'High Streets - Adaptive Strategies'. However, stock in Bromley town centre is largely offered on the basis of a long-term lease, requires remedial work and at rents which were historically achievable but which are not cognisant of the current challenges in the retail sector.
- 3.17 Officers suggest that the Council should look at addressing the issues around vitality and vacant units more directly. The planned new commercial units would limit the flexibility of use of the pedestrianised area. Arguably, alternative interventions that drive footfall and support a longer linger time would be more beneficial. This is a view that was supported by The Glades who have expressed reservations about the addition of more permanent retail units in the High Street and who advocated 'creating the right environment and customer experience to complement the existing retail offer.'
- 3.18 It is recommended that a new approach is taken to deliver the final phase of the capital scheme which will enhance the vitality of the High Street. This investment would be transformative for the use of the pedestrianised part of the High Street, building on the public realm improvements delivered to date in a way that would activate the town for quality high street programming and making it known as a centre for recreation, leisure and culture as well as retail. This would include delivering infrastructure which would:
 - Provide covered seating in the pedestrianised zone of the town centre. This would support the introduction of more food outlets in the existing vacant shop units in this section of the high street by providing shared outdoor space for dining, which in turn would bring a new vitality to the High Street.
 - Create performance space to support enhanced cultural programming in the town centre to drive footfall, bought forward in partnership with Your Bromley, the town's Business Improvement District. This could enable a range of events, including annual festivals in the style of Jazz at the Pantiles in Tunbridge Wells.
 - Include a sculptural statement piece to help define the character of the town centre and contribute towards the sense of place and Bromley's unique identity.
 - Enable flexible use of the High Street that made the High Street work harder to support businesses, for example through the development of a controlled summer night time economy.

- Support a reduction in anti-social behaviour by creating better used public spaces over longer periods of time.

3.19 It is recommended that the new approach is funded through the reallocation of the £415k previously added to the capital programme for the commercial units and the addition to the capital programme of the £800k originally agreed in principal for the delivery of the reflective canopies, resulting in a budget of £1.215m for the new approach.

3.20 If members agree the new approach, officers will procure a multi-disciplinary design team with specialism in urban design and public realm to create a solution which meets the aims of the capital scheme and which manages the technical requirements of any new infrastructure in the town centre within the revised capital budget. These are resources and expertise that is not available in-house.

3.21 Officers suggest that a new design team is appointed to take this new phase of the capital scheme forward. This is because:

- There is an opportunity for a fresh approach to re-envision the High Street taking into account changes in good practice and market conditions
- To re-open design fees to competition and secure the best price.

3.22 It is recommended that these design services are procured via open tender with market engagement prior to tendering. The procurement will be in compliance with the Council's Contract Procedure Rules. It is recommended that the procurement is for a design team to deliver RIBA Stages 1-7, with break clauses at all RIBA stages. The estimated cost of design fees for all RIBA Stages is £160k.

3.23 Members will retain control over the delivery of the scheme and the budget through gateway reviews of the design work at RIBA Stages 2 (concept designs) and 4 (detailed designs), scrutinising the designs in terms of its value for money and ability to meet the scheme aims, and agreeing the procurement strategy for a subsequent works contract to deliver the design (at an estimated cost of £1.055m). The Portfolio Holder and ward members will be consulted more frequently and in accordance with a stakeholder engagement plan.

3.24 Whilst it is the case that deciding not to deliver the commercial units will mean that rental income is not generated by the scheme, one of the requirements for the new design will be to minimise ongoing maintenance responsibilities and ensure that they, in addition to further enhancements to the street cleansing programme, can be met from income generated from High Street activity as a result of the scheme. This could include:

- Income generated through the hire of performance/programming space
- A new town centre screen, which would both create the potential to generate revenue from advertising as well as supporting the aims of the scheme to culturally activate the space, for example by enabling public showings of sporting events.

Members should note that officers have already identified income from existing town centre activity to meet the costs of the maintenance of the new planters and enhancements to the street cleansing programme. This includes use of the Bromley town centre scrubber which provides a deep clean of the High Street for four hours each day, Monday-Friday.

3.25 Officers will complement this approach by working with the Strategic Property team to consider repurposing of Council-owned vacant units in the town centre to create space for new business through offering space on a flexible and short-term basis in order to support the borough's business start-ups.

IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 Town centres have a role to play in promoting opportunities for community cohesion and inclusion. This proposal will support opportunities for vulnerable adults and children to participate in cultural programming and create spaces that support independence and inclusion.

4. POLICY IMPLICATIONS

- 5.1 The proposals support delivery of the Council's objective of Vibrant Thriving Town Centres under the Council's Building a Better Bromley document, which includes an action to 'promote specific opportunities in Bromley High Street to provide a unique shopping experience and serve a quality niche market.'

5. FINANCIAL IMPLICATIONS

- 5.1 The cost of the proposal set out in the report is £1.215m.
- 5.2 Currently there is £415k within the existing Capital Programme for Bromley Town Centre Improvements. Therefore a further £800k would need to be added to the Capital Programme to fully fund this new element of the scheme. This is the sum that the Executive originally had agreed in principal for provision of the canopies.
- 5.3 The originally planned commercial units were expected to generate rental income which was to provide for future maintenance costs and to fund enhanced street cleansing. This will not now be realised. Additional income is instead now expected to be generated from space hire and advertising, with the objective that any future maintenance and other ongoing commitments, such as from a town centre screen, are provided for and do not create ongoing financial liabilities. This will need to be investigated and confirmed as part of the design and feasibility work.

6. LEGAL IMPLICATIONS

- 6.1 The estimated value of the proposed design services contract is below the EU threshold level for services therefore not subject to the full application of the Public Contracts Regulation 2015. As an open tender procedure is proposed, this will satisfy the requirements of the Council's Contract Procedure Rules.

7. PROCUREMENT IMPLICATIONS

- 7.1 Should members agree to the recommendations in this report, the procurement of an architect-led multi-disciplinary team referred to in paragraphs 3.20 – 3.22 can be authorised by obtaining the formal approval of the budget holder, following agreement by the Assistant Director of Governance and Contracts, Director of Corporate Services and Director of Finance for a procurement of this value, as set out in 1.2 of the Council's Contract Procedure Rules. In accordance with CPR 2.1.2, officers must take all necessary professional advice.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	DRR19/049 – Town Centres Development Programme Update DRR18/053 – Bromley Town Centre: Mirrored Canopies and Shops. DRR17/005 – Proposed Public Realm Project and Market Reorganisation for Bromley High Street DRR14/107 – Growth Fund Update