

Decision Maker: EXECUTIVE

For pre-decision scrutiny by the Renewal, Recreation & Housing PDS Committee on

Date: RRH PDS: Wednesday 16th June 2021
Executive: Wednesday 30th June 2021

Decision Type: Non Urgent Council Key

Title: BECKENHAM PUBLIC HALL LEASE DISPOSAL, BECKENHAM

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

Ward: Copers Cope

1. REASON FOR REPORT

- 1.1 This report updates Members on the Beckenham Public Hall lease disposal, the progress to date and recommendations to bring the project forward.

2. RECOMMENDATION(S)

The Renewal, Recreation and Housing PDS Committee are asked to:

- 2.1 Note and comment on the report

Members of the Executive are asked to:

- 2.2 Approve the lease disposal.
- 2.3 Authorise and delegate authority to the Director of Housing, Planning and Regeneration in consultation with the Portfolio Holder to progress the lease disposal negotiations, including agreeing to and settling the final detailed terms.
- 2.4 Authorise the Director of Corporate Resources to agree, settle, negotiate and complete the legal documentation and any other ancillary legal documents arising thereto and to sign and complete them on behalf of the Council.

Corporate Policy

1. Policy Status: Not applicable.
 2. BBB Priority: Building a Better Bromley Priority: Quality Environment, Vibrant Thriving Town Centres Regeneration.
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: None. Recommended option will result in reduced revenue costs
 3. Budget head/performance centre: Regeneration
 4. Total current budget for this head: £152k
 5. Source of funding: Existing Revenue Budget 2021/22
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Staff

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:
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Before the COVID-19 outbreak the Beckenham Public Hall had 52 hours of regular bookings every week, across the three halls within the building, with an average of 12 attendees per session. It is envisaged that by finding a commercial partner to restore the Public Hall that the usage of the three halls in the building could be significantly increased.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments?
Officers are awaiting comments from the Copers Cope councillors. Given that the Public Hall was previously part of a feasibility study involving Beckenham Library, Clock House councillors have been asked for their comments. The comments from Clock House councillors were broadly positive. However, there were some reservations about the limited number of responses to the expression of interest exercise. Clock House councillors also wanted further assurances about community access.

3. BACKGROUND

- 3.1. Beckenham Public Hall is a Grade II listed property located on Bromley Road in the Beckenham Town Centre Conservation Area. As part of the Council's Regeneration Strategy, the future and best use of the site is under consideration.
- 3.2. The property is owned by the Council and it is leased to MyTime Active and The Club. The Club is a local members group with historical links to the property. The two leaseholders have separate points of access. MyTime Active run the main part of the building for hall hire. The occupation of the property has been analysed and it was found that in 2018/19 before the COVID-19 outbreak, the Beckenham Public Hall had 52 hours of regular bookings every week, across the three halls within the building, with an average of 12 attendees per session.
- 3.3. In November 2019, the Executive agreed to proceed with a feasibility study to consider the best use of the Beckenham Public Hall building, focused on whether it could accommodate a relocated Beckenham Library. The purpose of the feasibility study was to assess the business case for delivering affordable housing on the current library site, relocating the library service to Beckenham Public Hall and addressing the conservation deficit for the Beckenham Public Hall. The feasibility study set out the scope of works required to restore the property, an itemised cost plan for the works and design options.
- 3.4. This study concluded in June 2020 with a report being taken to the Members of the Executive in September 2020 (Report ref: HPR2020/026). In the September 2020 report a number of options were presented with a recommendation to undertake a lease disposal which would be in return for investment in the building and the provision of community use in the improved facility. The other options were subsequently discounted to proceed with the lease disposal. The reasons for recommending this option are clearly set out in Report HPR2020/026. The lease disposal does not include the relocation of the library, as it was agreed that the library will remain in its current situ in Beckenham.

4. LEASE DISPOSAL – EXPRESSION OF INTEREST

- 4.1. Following the agreed recommendation, Officers proceeded with the initial steps for a lease disposal to gauge interest from the market. To do this, Officers undertook a market research exercise and engaged with Cushman & Wakefield and Property to develop a brief and scope for the Expression of Interest (EoI). Officers were mindful of the current economic climate given the uncertainty that the COVID-19 pandemic has wrought in terms of businesses remaining intact, the property market generally and the ability for people to convene and to use buildings.
- 4.2. The EoI advertised the grant of a full repairing and insuring lease to the tenant for a commercial purpose with a minimum requirement of community use at reduced hiring rates set at 15%. It was made clear in the EoI that The Club would become a subtenant and that residential use would not be acceptable.
- 4.3. The EoI was published on the Bromley Council Website and in the Estates Gazette on 29th January 2021, running until 1st April 2021.

4.4. The Eol requested companies present an outline business case to the Council in how they would meet the following criteria:

- Addressing the maintenance backlog works.
- Providing a minimum threshold of 15% community use.
- Implementing a sustainable business model.
- Demonstrating experience and a track record.
- Funding the works.

4.5. The Council received multiple enquiries and submissions in response to the Eol.

4.6. Officers recommend proceeding with one of the offers, which best meets the criteria of the Eol and the Council's statutory obligations under Section 123 of the Local Government Act 1972, whilst also protecting the future of a heritage asset for community use. The commercial details are set out in the Part 2, non-public report.

5. COMMUNITY ACCESS

5.1. Officers sought further clarifications from the companies/organisations that submitted responses to the Eol regarding community access. After receiving these clarifications Officers are in a position to make a recommendation to the Executive.

6. EXISTING LEASE ARRANGEMENTS

6.1. Under the provisions of the MyTime lease the Council can exercise the landlord's break in order to give notice to MyTime. The notice period is a minimum of 12 months.

6.2. Whilst under the terms of the lease, the Council terminating the lease early means there is no requirement on the tenant to return the property in a comparable state as they would have had to by the end of the lease, there are no material concerns over the state of the property that Members and Officers are not otherwise sighted on through previous condition surveys.

7. PROGRAMME

7.1. Outlined in the table below is the indicative programme:

Obtain Executive approval.	June 2021
Commence formal negotiations with the recommended party.	July 2021
Serve notice to MyTime.	Q3 2021
Enter into an agreement to lease with the recommended party.	Q4 2021
New leaseholder to seek appropriate approvals including Listed Building Consent.	Q1/Q2 2022

Planning and Listed Building Consent granted	Q3/Q4 2022
New leaseholder to commence works.	Q1 2023
New leaseholder to start operating.	Q4 2023

8. OPTIONS

8.1. In September 2020 report, ref: HPR2020/026, set out six possible options for how to proceed with the Beckenham Public Hall:

- Option 1 - Maintain the status quo. This would require the Council to undertake significant maintenance works. The 2020 condition survey for the Public Hall, estimates the current maintenance and future maintenance required to cost £880,000 - This sum does not include contingency, inflation or Contractor preliminaries. The quantity surveyor for the library feasibility study estimated that with fees and contingency included the maintenance works would cost £1,093,000. Out of this sum, the works deemed to be an immediate priority were estimated to cost £500,000.
- Option 2 - Mothball Beckenham Public Hall. As per Option 1 this would require a significant cost outlay from the Council for the urgent maintenance works.
- Option 3 - Undertake maintenance works needed to update the Beckenham Public Hall facilities. This would require the Council to invest circa £1m, as per Option 1.
- Option 4 - Sell the freehold title for Beckenham Public Hall (The sale of the public hall is likely to generate a capital receipt for the Council >£1m, however, the opportunity to control the future use of the site and protect its current community use would be limited to Planning Policy constraints and protections)
- Option 5 - Relocate the Library Service to Beckenham Public Hall, demolish the existing library and build houses on the existing Beckenham Library site
- Option 6 - To go out to the market to advertise a leasehold disposal of the Beckenham Public Hall subject to the grant of a full repairing and insuring lease to the tenant for a commercial purpose with some community use.

8.2. The Executive agreed at this point to pursue option 6. Having completed this exercise, the recommendation is to continue to proceed with Option 6, the lease disposal which will ensure:

- The critical and planned maintenance works to protect an important heritage asset are undertaken (at nil cost to the Council)
- The property is refurbished to provide a high quality multi-functional space to benefit the community,
- The property will generate a revenue stream (following the rent free period) for the Council to support the delivery of other services within the Borough.

9. RECOMMENDATION(S)

9.1. Members of the Executive are asked to:

- Approve the lease disposal.
- Authorise and delegate authority to the Director of Housing, Planning and Regeneration in consultation with the Portfolio Holder to progress the lease disposal negotiations, including agreeing to and settling the final detailed terms.
- Authorise the Director of Corporate Resources to agree, settle, negotiate and complete the legal documentation and any other ancillary legal documents arising thereto and to sign and complete them on behalf of the Council.

10. STAKEHOLDER ENGAGEMENT

- 10.1. The Council previously undertook a feasibility study for Beckenham Public Hall, for which extensive public engagement was undertaken.
- 10.2. Officers are keeping the Beckenham Public Hall leaseholders informed and updated.
- 10.3. As part of the planning process the new leaseholder would have to undertake public consultation.

11. PROCUREMENT AND PROJECT TIMESCALES AND GOVERNANCE ARRANGEMENTS

- 11.1. The programme is set out in Section 7. In terms of governance, the Regeneration department will continue to work with Property and Legal to progress the lease disposal, with regular updates given to the Portfolio Holder.

12. POLICY CONSIDERATIONS

- 12.1. Building a Better Bromley Priority: Quality Environment, Vibrant Thriving Town Centres Regeneration.

13. PROCUREMENT RULES

- 13.1. There are no procurement implications.

14. FINANCIAL CONSIDERATIONS

- 14.1. Please refer to Part 2, non-public report.

15. PERSONNEL CONSIDERATIONS

- 15.1. N/A.

16. LEGAL CONSIDERATIONS

- 16.1. The Council has power under Section 123 of the Local Government Act 1972 to dispose of land for the best consideration that can reasonably be obtained based on open market value.

16.2. The Local Government Act 1972:General Disposal Consent 2003 removes the requirement for a local authority to seek specific consent from the Secretary of State for any disposal of land where the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the well-being criteria in the Local Government Act 2000:

- (i) the promotion or improvement of economic well-being;
- (ii) the promotion or improvement of social well-being;
- (iii) the promotion or improvement of environmental well-being; and the “undervalue”

(i.e. the difference between the unrestricted value of the interest to be disposed of and the consideration accepted) is £2,000,000 or less.

Non-Applicable Sections:	Procurement Rules, Personnel Considerations
Background Documents: (Access via Contact Officer)	HPR2020/026