

Report
No.

London Borough of Bromley

PART ONE

**Decision
Maker:** **EXECUTIVE**

Date: **Wednesday 20 October 2021**

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

Title: **Future development of a new Health and Well Being Centre at the Civic Centre as part of a wider mixed-use development**

**Contact
Officer:** Michael Watkins, Assistant Director – Strategic Property:
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Chief Officer: Sara Bowrey Director Housing, Planning and Regeneration

Ward: Bromley Town

1. Reason for report

In February 2020 the Executive resolved that consideration should be given as to the disposal of the former Adventure Kingdom (AK) building to the CCG, at market value, so that it could be redeveloped by the CCG for a new Bromley Town Centre Health and Well Being Centre.

As negotiations developed it transpired that it was the CCG's intention to refurbish the former AK building rather than re-develop it. This was considered a poor utilisation of the space and would restrict any ability to widen development scope in the immediate area and therefore diminish any returns for the Council in terms of creating new housing and other facilities.

Officers produced an alternative proposition for the CCG to consider comprising a wider scheme developed by the Council utilising the footprint of the existing Great Hall and AK Buildings at the Civic Centre. This scheme would provide for a new Health and Well Being Centre together with a new Community Hall and a residential Planning Policy compliant scheme of circa 48 units above.

2. **RECOMMENDATION(S)**

2.1 The Executive is recommended :

2.2 To note the new approach to delivering a Health and Well-being Centre at the Civic Offices as part of a wider scheme and

2.3 To note, subject to Executive agreement as per 2.2, the intent to proceed to procurement, and subsequent award of contract, via a compliant route for various professional services to progress the scheme, as set out in paragraph 3.16;

- 2.4 To grant delegated authority to the Director of Renewal, Recreation & Housing to award contracts (as per 2.3) should a contract value exceed existing thresholds for Officer delegation (subject to Agreement with the relevant Portfolio Holder, the Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance).
- 2.5 To authorise a drawdown of up to £0.5m from the Growth Fund to fund the professional services required to progress the scheme through the initial stages.
- 2.6 To note that a further Executive report will be forthcoming seeking authority to submit a planning application accompanied with a full business case for consideration including procurement of the construction element of the scheme, along with any further authorisation needed to incur additional costs

Impact on Vulnerable Adults and Children

1. Summary of Impact: There is an impact on vulnerable Adults and Children to this consent, as ultimately those groups will use the proposed Health and Wellbeing Centre, which would be located closer to other Council services.
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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: Up to £0.5m initially
 2. Ongoing costs: N/A:
 3. Budget head/performance centre: N/A
 4. Total current budget for this head: £N/A
 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:
 2. Call-in: Call-in is 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): A co-located Health and Well-being Centre at the Civic Offices would improve synergies for residents who wish to use the services of the Council and the CCG.
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Ward Councillor Views

1. Have Ward Councilors been asked for comments?

Ward Councilors been briefed on this scheme approach and are supportive of the Health and Well-being Centre at the Civic Offices.

3. COMMENTARY

- 3.1 In February 2020 the Executive resolved that consideration should be given as to the disposal of the former Adventure Kingdom (AK) building to the CCG, at market value, so that it can be redeveloped by the CCG for a new Bromley Town Centre Health and Well Being Centre.
- 3.2 The vision which underpins the Bromley Health & Wellbeing Centre is aligned fully with a number of NHS national policies and strategies including:
- Five Year Forward View;
 - Healthy Lives, Healthy People: Our strategy for public health;
 - Transforming Community Services;
 - The NHS Outcomes Framework;
 - Quality, Innovation, Productivity and Prevention (QIPP) programs
- 3.3 In addition to facilitating the Strategic Goals of local Commissioners and the health economy wide clinical case for change, the Centre aligns particularly with national health policy goals around strengthening primary care, reducing over reliance on hospital care and improving the care of patients with long term conditions, enabling them to remain in the community.
- 3.4 The CCG requirement is for a 2130SqM facility which has been based upon the output from a dynamic activity modelling exercise undertaken by the CCG. This has incorporated demand projections provided by the CCG and agreed with its various stake-holders throughput and utilization assumptions.
- 3.5 A key requirement for the CCG is that the new facility is ready for use by Spring 2024 due to funding pressures from the Department of Health and HM Treasury. The CCG has been awarded two separate tranches of capital funding for the development of the Bromley Centre, subject to final business case approval. The total funding earmarked for the scheme is circa £11m, made up of £3m from the NHS ETTF fund and £8m from NHS wave 4 capital funding. Officers are therefore of the opinion that the CCG has adequate funding in place for such a scheme.
- 3.6 Negotiations have taken place with the CCG to progress this scheme, however, during the Spring of 2021 it became apparent that it was the CCG's intention to refurbish the former AK building rather than re-develop it.
- 3.7 This was considered a poor utilisation of the space and would restrict any ability to widen development scope in the immediate area and therefore diminish any returns for the Council in terms of creating new housing and other facilities.
- 3.8 Consequently, Officers produced an alternative proposition for the CCG to consider which is detailed below.
- 3.9 That a wider scheme is developed by the Council utilizing the footprint of the existing Great Hall and AK Buildings as per the Plan below. This scheme would provide for a new Health and Well Being Centre together with a new Community Hall and a residential Planning Policy compliant scheme of circa 48 units above.
- 3.10 A Plan of the site is detailed below:



- 3.11 The scheme would be of 3-4 stories in height and massed in such a way that the higher elements would be located to the bulk of the existing Civic Centre buildings. Such a scheme would also improve the generic entrance to the Civic Centre in design terms.
- 3.12 The CCG would pay for their element of construction costs and then take a lease for the Health and Well Being Centre – this would be agreed and documented via a Development Agreement between the Council and the CCG.
- 3.13 In terms of deliverability the Council would ensure that the scheme would be phased in such a way that the Health and Well Being Centre would be delivered first so as to meet the CCG’s requirement set out at 3.5.
- 3.14 The CCG have been appraised of this approach and are committed to working with the Council to achieve delivery of the new Health and Well Being Centre within the scheme.
- 3.15 A fundamental principle for delivery is that the scheme is economically viable. An initial assessment of the costs v revenue shows a surplus of just over £1.5M – However this is an initial assessment and as the scheme develops will need to be refined.

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price
Block 1 - Social Units	14	10,516	220.00	165,251
Block 1 - Intermediate Units	10	7,010	425.00	297,925
Block 2 - Private Units	<u>24</u>	<u>17,526</u>	630.00	460,058
Totals	48	35,052		

Rental Area Summary	Units	ft²Rent	Rate	ft²Unit	Amount
Health Centre (assumed cost neutral to LBB)	1	15,074	0.00		1
Community Hall	<u>1</u>	<u>7,947</u>			0
Totals	2	23,021			
Sales Agent Fee		1.00%	(140,206)		
Sales Legal Fee		0.50%	(81,671)		
					(221,877)
TOTAL PROJECT REVENUE					16,112,273
DEVELOPMENT COSTS					
ACQUISITION COSTS					
Legal Fee			200,000		
					200,000
CONSTRUCTION COSTS					
Construction		ft ² Build	Rate	ft ²	Cost
Health Centre (assumed cost neutral to LBB)	16,036		0.00		1
Community Hall	8,830		150.00		1,324,500
Block 1 - Social Units	15,241		190.00		2,895,710
Block 1 - Intermediate Units	10,159		190.00		1,930,290
Block 2 - Private Units	<u>26,555</u>		200.00		<u>5,310,909</u>
Totals	76,821	ft²			11,461,410
Contingency			5.00%		573,071
Demolition					150,000
Planning & Assc Costs					300,000
CIL - Borough					245,410
CIL - Mayoral					147,246
					1,415,727
PROFESSIONAL FEES					
Professional Fees			10.00%		1,203,448
					1,203,448
MARKETING & LEASING					
Marketing					50,000
					50,000
TOTAL COSTS BEFORE FINANCE					14,330,585
FINANCE					
Debit Rate 3.00%, Credit Rate 0.00% (Nominal)					
Total Finance Cost					251,038
TOTAL COSTS					14,581,622
PROFIT					1,530,651

3.16 In order to progress the scheme, the following professional services will need to be sourced and/or procured and it is intended, subject to Executive agreement, to appoint these services via appropriate Framework instructions through delegated Officer authority:

Dedicated Programme Manager (estimated cost £220K)
Planning Performance Agreement (estimated cost £50K)

Procurement of Architects Stages RIBA Stages1-7 Inception through Practical Completion (with breaks) (estimated cost £475K)
Procurement of Various Site Surveys (estimated cost £150K)
Procurement of Services of a suitable Quantity Surveyor (estimated cost £50K)

3.17 The CCG fully recognize that the Council would not be able to make any final commitment to develop the scheme at this stage until all the scheme development issues have been delivered. This would also include the conclusion of the full business case analysis completed together with agreements as to the terms of the Development Agreement and contractor procurement strategy as to the physical construction.

3.18 The expenditure budget estimates identified at 3.16 are expenditure the Council needs to make to progress this scheme to enable the CCG delivery timescale identified at 3.5. Should the CCG not be able to complete a Development Agreement in due course then these sums would not be wasted as the space allocated to the CCG within the scheme could be utilised for office use. The market demand for new office space in central Bromley is high. It should be noted that the CCG are fully committed to a new Health and Well-being Centre in any event.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 There is an impact on vulnerable Adults and Children to this consent, as ultimately those groups will use the proposed Health and Wellbeing Centre, which would be located closer to other Council services.

5. POLICY IMPLICATIONS

5.1 A Council that manages its assets well.

6. FINANCIAL IMPLICATIONS

- 6.1 The report sets out in 3.15 an initial development appraisal which shows an indicative potential surplus on development after all costs of £1.531m, which would represent a profit on costs of 10½%.
- 6.2 In Section 3.16, the report also proposes the need to undertake and procure professional services in order to progress the scheme, with the total cost estimated at £0.945m to take the scheme through to practical completion. Of this amount, a sum of £0.5m is requested at this stage to progress the scheme through the initial development stages.
- 6.3 The funding for these costs will initially be from the Growth Fund, for which there was an uncommitted balance of £12.7m as reported in the last capital monitoring update to the Executive on 15th July 2021. However, subject to details of the final scheme proposal, the final costs may be met through the Capital Programme, including any further costs for professional services above the £0.5m being requested now.
- 6.4 A more detailed report setting out the final proposed scheme, including an updated full development appraisal and business case, will be brought back to a future meeting. This report will also set further approvals required, including any addition to the Capital Programme as appropriate.

7. PERSONNEL IMPLICATIONS

N/A

8. LEGAL IMPLICATIONS

- 8.1 Section 123 of the Local Government Act 1972 will apply to in respect any disposal of Council owned land. The Council has the power to dispose of land provided always that pursuant to s 123 it is at the best consideration that is available.
- 8.2 The Council has the legal power to hold, maintain and develop its landholdings and buildings in connection with its functions and general powers in the way described in this report.
- 8.3 In furtherance of these statutory powers the Council may provide and commission through a contract the various consultancy services as may be necessary to inform its decision-making in relation to the preparation, use and development of the land as more fully set out in this report.
- 8.4 The commissioning of a services contract to provide Consultancy services is a public services contract within the meaning of the Public Contracts Regulations 2015 (Regulations). Where the value exceeds the relevant threshold (£189,330) such a procurement is governed by the Regulations and the council must undertake a full procurement exercise or utilise a framework which is compliant with the Regulations.
- 8.5 Where the value is below the threshold such a procurement is not governed by the Regulations. However, in accordance with its fiduciary duty the Council has a legal duty to manage funds contributed by taxpayers efficiently and to use such funds to the best advantage of the Council. Compliance with eth Council's procurement Rules should satisfy the Council's fiduciary duty.

9. PROCUREMENT IMPLICATIONS

- 9.1 It is proposed to proceed to procurement (and subsequent award of contract) for various professional services to progress the proposed scheme as outlined in this report. The proposed requirements include:
- Architect RIBA Stages 1 – 7 (estimated £475k whole life value);
 - Site Surveys (estimated £150k whole life value);
 - Quantity Surveyor (estimated £50k whole life value).
- 9.2 As per 5.3 and 16.7 of the Council's Contract Procedure Rules (CPR), the proposed requirements are within existing delegated authority of Officers to proceed to procurement and subsequent award. Should any individual procurement exceed the threshold for delegated authority, then additional delegation has been sought as per 2.4 of this report.
- 9.3 The proposed procurements are subject to 8.2.1 of the CPR which requires a suitable compliant route for each procurement. Suitable compliant routes, subject to the specific values for each requirement, include a Request for Quotes process, an Open or Restricted tender process or direct award or further competition via a compliant Framework. The specific route for each requirement is to be determined, subject to further consultation with the Corporate Procurement Team. It is indicated that use of compliant Frameworks would be the preferred route.
- 9.4 The proposed requirements are services within the meaning of the Public Contracts Regulations (2015). Where an individual requirement exceeds the relevant threshold of the Regulations (£189,330), then a suitable procedure compliant with the Regulations must be used.

- 9.5 For any requirement with a contract value of £25k or over, suitable notices will need to be published on Contracts Finder. For any that exceed the thresholds set out in the PCR 2015, suitable Find A Tender notices must also be published.
- 9.6 In compliance with the Council's Contract Procedure Rules (Rule 3.6.1), procurement must be carried out using the Council's e-procurement system.
- 9.7 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

Non-Applicable Sections:	Personnel
Background Documents: (Access via Contact Officer)	