

Report No.
HPR2021/059

London Borough of Bromley

PART 1

Decision Maker: EXECUTIVE
COUNCIL

For pre-decision scrutiny by the Renewal, Recreation and Housing
Committee on 16th November 2021

Date: 24th November 2021

Decision Type: Non-Urgent Executive Key

Title: PROVISION OF HOUSING AND LIBRARY IMPROVEMENT
WORKS IN WEST WICKHAM TOWN CENTRE

Contact Officer: Deborah Wood, Regeneration Manager
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Chief Officer: Director of Housing, Planning, Property and Regeneration

Ward: West Wickham

1. Reason for report

This report summarises the RIBA Stages 0-3 work undertaken in relation to the site of West Wickham Library and Station Road car park in West Wickham and sets out the options for the site, in order to seek a decision from elected members.

2. RECOMMENDATIONS

2.1 The Renewal, Recreation and Housing PDS Committee are asked to note the report and provide their comments for consideration by the Executive.

The Executive are asked to:

2.2 Review the RIBA Stages 0-3 work undertaken proposing the redevelopment of the library and Station Road Car Park sites for housing, the expansion of the library, public realm improvements and the adoption of a service road to provide access.

2.3 To recommend that Council approves the addition of the scheme to the Capital Programme at an estimate of £9,641k. Note that this is the scheme cost, not the cost to the Council.

2.4 Recommend that Council approves the financing of the scheme as set out in paragraph 10.8, including an internal loan from the General Fund to the Housing Revenue Account of £2,147k.

2.5 Approve the rent levels of the affordable housing at London Affordable Rent (LAR) levels to utilise the GLA Building Homes for Londoners Grant.

2.6 The undertaking of the adoption of the service road off Croft Avenue which is required for access to the scheme.

2.7 Approve that the spend of £173k to date, which is included in the capital scheme costs, is retained in the Housing Investment Fund earmarked reserve.

2.8 Approve the utilisation of £356k Section 106 contributions towards the affordable housing element of the proposals.

2.9 To delegate Approval to proceed to procurement for the design and build works contract at the end of RIBA Stage 4 with an estimated value of £8M to the Chief Officer in consultation with the Portfolio Holder, noting that a contract award will be coming back to committee.

2.10 Delegate authority to the Director of Housing, Planning and Regeneration in consultation with the Director of Corporate Services and the Director of Finance to appropriate the affordable housing element of the site on completion of the construction works from planning purposes to housing within the Housing Revenue Account.

2.11 Note that the land appropriation value to the HRA of the affordable housing element of the site has been independently valued at £260k.

2.12 Note that the Council is foregoing a potential capital receipt of £1,270k from the housing part of the site, for the development to continue in line with the recommendations, and to achieve the Temporary Accommodation savings and a new library.

Council is requested to:

2.13 Approve the addition of the scheme to the Capital Programme at an estimate of £9,641k

2.14 Approves the financing of the scheme as set out in paragraph 10.8, including an internal loan from the General Fund to the Housing Revenue Account of £2,147k.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Vulnerable children and adults will be supported through the provision of affordable housing and an improved library and community facility.
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Corporate Policy

1. Policy Status: Existing Policy: Housing Policy
 2. BBB Priority: Quality Environment Safe Bromley Supporting Independence Vibrant, Thriving Town Centres Regeneration
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Financial

1. Cost of proposal: Estimated Cost: £9,641k
 2. Ongoing costs: Temporary accommodation savings of £75k per annum. Additional Library income of at least £35k - £45k per annum.
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: N/A
 5. Source of funding: GLA grant, Section 106 contributions, internal loan from General Fund to HRA from Housing Investment Fund earmarked reserve, private sales receipts.
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Personnel

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

Legal

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

1. Summary of Procurement Implications: This report recommends the procurement of the additional services required to deliver the proposals.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): It is estimated that the scheme will provide 26 homes. It is also proposed to refurbish and expand the library, for the benefit of all West Wickham residents. The expansion of the library will directly create an improved, multi-functional space, which will be a civic landmark in the town centre.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes

2. Summary of Ward Councillors comments: Ward Councillors have indicated their support for the scheme, particularly for the library element.

3. COMMENTARY

- 3.1 As set out in the Housing Strategy 2019 - 2029, the Council faces severe housing pressures and is considering how to deliver more affordable homes and more cost-effective options for temporary accommodation. Provision of good quality, value for money temporary and affordable accommodation in the borough is essential if the Council is to reduce the current pressures on its revenue budget and manage future demand for services.
- 3.2 Following Executive approval in November 2019 (Report no. **DRR19/053**) Council Officers procured a full multi-disciplinary team to undertake a detailed feasibility study from RIBA Stages 0-3, for a mixed-use scheme in West Wickham town centre. The following elements comprise the proposals in the recommended option:
- Housing – 26 homes, consisting of 14 affordable homes and 12 private sale homes to generate a capital receipt to provide funding towards the community elements.
 - Library – Refurbishment and extension of the library, including outdoor activity space.
 - Public realm improvements – Including the demolition of the disused public toilet block.
 - Adoption of the service road – This road next to the car park is required for access.
- 3.3 In June 2021, Council Officers sought permission from the Executive to submit a full planning application for the site (Report no. **HPR2021/037**) based on the estimated scheme costs at that time which were broadly the same as those set out in this report. Consequently, the planning application was submitted in October 2021. The Design & Access Statement, which summaries the proposals for the planning application can be found in **Appendix 1**.
- 3.4 In July 2021, as part of the Operational Property Review, a condition survey (**Appendix 2**) was undertaken for West Wickham Library which sets out that there is £207k of backlog maintenance work to be undertaken. It is important to note that the condition survey was non-intrusive and that it excludes prelims, contractor profit, fees and contingency. The condition survey also set out the total remedial work likely to be required within a ten-year period and this cost was estimated to be £84k, with the same exclusions of prelims, contractor profit, fees and contingency. It is therefore estimated that the actual costs for just essential maintenance on the library are likely to be in the region of at least £407k. Of this, the urgent and essential works elements (priority 1 and 2) are estimated at c£175k. The works proposed to the library will address the works included in the condition survey and improve the energy efficiency of the library.
- 3.5 In order to improve the viability and affordability of the recommended scheme, as well as provide a mixed community scheme, it is proposed that 12 of the 26 homes are private sale. The capital receipt from the private sale homes will be entirely reinvested in the library and public realm elements of the scheme. The 14 affordable homes will be in a self-contained building which simplifies the ongoing management of the homes and improves the value of the private sale homes. The estimated average disposal value for the private sale homes is £431k per unit, as assessed by CBRE in September 2021. The return on investment of the affordable housing element in the HRA has been calculated at 3.3%. This is based on the net income (excluding loan repayments) being 3.3% of the capital financing requirement, that is net of the GLA grant and S106 contribution.
- 3.6 In September 2021, following a funding bid by Council Officers, the GLA agreed in principle to provide funding of £0.9m towards the affordable housing element of this scheme, for 15 units, as part of the Homes for Londoners – Affordable Homes Programme 2021 – 2026. Following the pre-application feedback about height the number of affordable units reduced from 15 to 14. We expect the GLA grant amount to remain the same. In addition to the GLA funding, officers have identified s106 funding ringfenced for affordable housing which can be put towards the affordable housing provision in the scheme. The S106 funding identified is £356k and must be

utilised by May 2023 and therefore it is deemed appropriate to use for this scheme.

- 3.7 The affordable units will be managed using London Affordable Rent (LAR). This is a lower rent than the Local Housing Allowance (LHA). However, it is also important that this lower amount is considered in context of what is truly affordable and likely to be needed. Having a more realistic rent level means additional tops ups are not required or are at least minimised, collections are more likely and rent levels likely to match with benefit allowances.
- 3.8 Officers' view is that over time a portfolio of properties with different rent levels will maximise the Council's ability to meet the needs of all households to whom the Council has a statutory duty to assist, allow for differing needs to be met and will help to provide balanced and sustainable communities. Given the potential to attract a high grant subsidy on these initial properties, it is recommended that these schemes are offered using the LAR rate and that as the property portfolio grows different rental models are introduced in order to ensure that an appropriate spread of rental levels is maintained.
- 3.9 Furthermore, if the Council continues to charge LHA rents that are not affordable for tenants, this may result in the Council lowering rents to make them affordable. As a result, the Council would not be able to reap the benefit of using the GLA Grant to fund housing schemes therefore it is prudent to set the rents at a more affordable level from the beginning and benefit from the GLA grant.

Options for the West Wickham Library and Station Road Car Park Site:

- 3.10 Council Officers have explored the following options for the West Wickham Library and Station Road Car Park site:
- Option 1 – Do nothing.
 - Option 2 – Dispose of the site. Option 2 has two variations, 2a sell the car park site only and 2b, sell the whole site.
 - Option 3 – Partial development. Council develops the housing only.
 - Option 4 – Full redevelopment. As set out in the June 2021 Executive Report (Report no. **HPR2021/037**) and further elaborated in this report. This is the recommended option.
- 3.11 Option 1 – Do nothing.
- There would be costs associated with this option to address the maintenance backlog of the library, as set out in Section 3.4. This cost is estimated to be £407k.
 - The Council would continue to have an overprovision of car parking in West Wickham town centre and not be maximising the use of its assets.
 - There would be no provision of affordable housing to reduce temporary accommodation costs and contribute to the borough housing target.
 - No income generating elements or additional amenities for community benefit would be introduced to the library, as proposed in the recommended option.
 - For the above reasons this option was not explored further and not costed in further detail.
- 3.12 Option 2a – Part disposal of the site, car park only.
- The Council would receive a capital receipt.
 - Housing delivery would still be achieved.
 - There would be costs associated with this option to address the maintenance backlog of the library, as set out in Section 3.4. This cost is estimated to be £407k.
 - The GLA funding that has been secured in principle would fall away.
 - The service road which is required to be adopted for access to the housing, and which is

owned by multiple landowners, cannot be adopted by a purchaser and is not for the Council to dispose of.

- The planning balance and acceptability of the development relies on the benefits delivered by the library element. Therefore, the planning risk would increase.
- For the above reasons this option was not explored further and not costed in further detail.

3.13 Option 2b – Full disposal of the site.

- The Council would receive a capital receipt.
- Housing delivery would still be achieved.
- The library is a statutory service which cannot simply be removed from the area.
- The GLA funding that has been secured in principle would fall away.
- The service road which is required to be adopted for access to the housing, and which is owned by multiple landowners, cannot be adopted by a purchaser and is not for the Council to dispose of.
- No income generating elements or additional amenities for community benefit would be introduced to the library, as proposed in the recommended option.
- For the above reasons this option was not explored further and not costed in further detail.

3.14 Option 3 – Partial development. Council develops the housing only.

- There would be costs associated with this option to address the maintenance backlog of the library, as set out in Section 3.4. This cost is estimated to be £407k.
- The planning balance and acceptability of the development relies on the benefits delivered by the library element. Therefore, the planning risk would increase.
- The wider regeneration benefits to the town centre would not be delivered.
- No income generating elements or additional amenities for community benefit would be introduced to the library, as proposed in the recommended option.
- For the above reasons this option was not explored further and not costed in further detail.

3.15 Option 4 – Full redevelopment. Recommended Option.

- The Council would deliver much needed housing and the regeneration benefits for existing residents by improving the library, which is located in prominent position
- The proposed private sale units provide a capital receipt towards the library works.
- The library will also be more environmentally sustainable and energy efficient as a result of the works. In addition, it will be made fully accessible, which is not currently the case.
- Libraries deliver benefits across demographic groups, including the following:
 - Improving literacy
 - Improving digital literacy and technology skills
 - Supporting early years learning
 - Improving health and wellbeing
 - Providing business support
 - Providing careers information
 - Providing study space
 - Helping people to learn life skills
 - Providing a social space
- During the pandemic the Council and GLL have launched Start up Bromley in a number of libraries around the borough, to provide business support and bookable workspace for residents. The proposals for West Wickham Library include business lounge space to enable Start Up Bromley to be offered in this location as well.
- Central Government analysis of the benefits of libraries can be found here:
<https://www.gov.uk/government/publications/libraries-deliver-ambition-for-public-libraries-in-england-2016-to-2021/libraries-deliver-ambition-for-public-libraries-in-england-2016-to-2021>
- As the Council seeks to contribute to the borough housing target by building homes there will be an expectation that investment in community infrastructure is also undertaken, in the

same way that private sector developers are expected to pay towards or provide community infrastructure.

- The library proposals include introducing income generating elements - a café and a community hire space - which the Council would receive a profit share from.

Previous Proposal Options

- 3.16 The Council has previously explored options to relocate the library service into a mixed-use scheme on the leisure centre site and this was last reported to Members in May 2019 (Report no. **DRR19/027**). The viability for this larger mixed-use scheme was extremely challenging and having reviewed the proposals, officers are not recommending combining all of these uses into one development. Options for West Wickham Leisure Centre are to be set out in a separate committee report. It is also known from the Biggin Hill Library and Pool that having different operators in one building presents operational challenges. Officers are therefore exploring revised options for the leisure centre site to improve the viability and value for money for the Council.
- 3.17 As part of the previous options appraisal for the Library and Car Park site, officers explored a housing only development and this received negative feedback from planning officers due to the town centre location and designation of the site.
- 3.18 A mixed-use scheme with housing and a commercial unit was also explored and set out in report **DRR19/053**. However, if this option was to be revisited it would require a re-provision proposal for the library, which is a statutory service, and it would affect the planning balance in determining the harm and benefits of the application.

Public Engagement

- 3.19 As part of the planning process, engagement with the public was undertaken, including:
- Leafletting of 344 neighbouring residents and businesses.
 - An exhibition in the library which was staffed for a week with members of the project team.
 - Feedback forms at the exhibition, available for two weeks.
 - Online surveys for adults and children.
 - Webpages hosted by the Council, GLL and the architects for the project.
 - An email address (housing.development@bromley.gov.uk) through which Council officers answered further queries.
 - Meeting with the ward councillors.
 - Engagement with the Friends of West Wickham Library.
- 3.20 Members of the public have been positive about the library proposals. A common thread of feedback was that the library would remain on the current site without being relocated to the Leisure Centre site as was intended in a previous review of the scheme. The majority of feedback from those who completed a feedback form supported the library proposals. The full description of engagement activities to date can be found in **Appendix 3**, Statement of Community Involvement.

Station Road Car Park, West Wickham

- 3.21 In 2019 a review of all Council owned car parks in West Wickham was undertaken. On balance of a SWOT analysis for all sites, Station Road car park off Croft Avenue was recommended as the most suitable for the provision of housing.
- 3.22 Of the Council owned car parks in West Wickham, Station Road car park generates the lowest amount of income for the Council and occupancy rates at the car park are also the lowest. This evidence was previously set out in the November 2019 Part 2 report DRR19/054.

3.23 In early July 2021 a new parking usage survey was undertaken. This survey ascertained that the other car parks in West Wickham town centre had the capacity to accommodate the displacement of vehicles as a result of the loss of Station Road Car Park. As part of the planning application a Transport Statement (**Appendix 4**) has been submitted which sets out this information in more detail.

3.24 The other Council-owned car parks in West Wickham can accommodate the vehicles displaced from Station Road Car Park and therefore it is not projected that income will be lost overall but assumed in other areas, making better use of Council assets as a whole.

West Wickham Library

3.25 West Wickham Library is a popular local library with an active Friends Group. Book issues are increasing (by 19% between 2017-2019). However, the design of the building severely restricts space for activities, particularly those for children, and it is not fully accessible for disabled people. The Library is located in a prominent position in the town Centre, at the crossroads of the High Street, Station Road and Glebe Way, so it has the potential to be a civic landmark, supporting the local economy. At present the library has a disused toilet block attached to it, which will be demolished and replaced with an extension as part of the recommended proposals.

3.26 The proposals for West Wickham Library, as included in the recommended option for the site, include the following:

- Improvements to the children's library.
- Provision of an outdoor classroom for children's activities.
- Provision of a workshop space with 3D printers.
- Provision of community hire space.
- More support for job seekers and local businesses.
- Increased number of PCs and work/study space.
- Provision of display space for the Bromley Historic Collections.
- Provision of Changing Places Community Toilets.
- Provision of a café with sheltered outdoor seating.
- Improvements to the landscaping around the building.
- Improved energy efficiency and sustainability of the building.

The improvements being made to the library reflect a modern library offer for the future and enhanced community facilities.

Service Road

3.27 The residential proposals include the service road running directly adjacent to Station Road Car Park. This road will be required for access to the housing element of the scheme. Council Officers are recommending the adoption of this road to enable the wider development. It is proposed that the consultation process for the adoption of the service road runs in tandem with the planning determination process.

3.28 The existing road is currently a private street and is in a poor condition. The Council could use the provisions of the Private Street Works Code from the Highways Act 1980 to have it made up to an adoptable standard. This would include undertaking works to widen and resurface the existing road and to make improvements to the junction with Croft Avenue. The initial estimated cost of these works is £240k, and this cost is included in breakdown shown in Section 3.19. A separate consultation will be required for the adoption of the road.

Costs and Business Case

3.29 The capital costs breakdown for the recommended option are as follows:

	Library	Private sale	Affordable	Total
	£'000	£'000	£'000	£'000
Design fees & preliminaries	755	466	591	1,812
temporary library costs	150	0	0	150
Surveys	12	8	10	30
Ground works	283	146	154	583
Build cost	2,250	1,442	1,857	5,549
Project management	32	21	27	80
Landscaping	117	234	139	490
Planning & legal	20	13	17	50
Contingency	366	243	288	897
Total	3,985	2,573	3,083	9,641

3.30 There has been a spend of £173,375 to date on design fees, planning surveys and the planning submission fee, previously approved in the June Executive report (report no.HPR2021/037). The estimated financial requirement for consultancy fees to deliver the post-planning stages is £362,519. These costs are included within the overall capital costs of the scheme.

3.31 Included in the proposals for the library, a café and community hire space are proposed. The Council would receive an income split from the café and community hire space as part of the existing contract with GLL. According to the terms of the contract the income split is subject to negotiation with GLL. The anticipated income for the café is £50-70k per annum. As required by the GLL Contract, there will be an income split agreed with the library operator who will take on the running of any new café in the library. A prudent assumption is that the Council will receive at least 50% i.e. £35k - £45k p.a., although officers will seek to maximise this share.

3.32 The anticipated rates for the community hire space are as follows:

Monday-Friday: Office hours (9am-5pm)	£33 per hour
Monday-Friday: Outside office hours (5pm-10:00pm)	£43 per hour
Saturday/Sunday during Library Opening hours	£47 per hour
Saturday/Sunday outside Library opening hours	£85 hour

If there was one booking a day outside of library opening hours the income would be £20,063, without an income split applied.

3.33 The proposals for the library increase the opportunities for learning and skills development, which aligns with the Central Government agenda for skills training and lifelong learning. The other benefits of the scheme are as follows:

- Creating a civic landmark and increasing footfall to the town centre.
- Improving the accessibility of the library building.
- Delivering technology outreach in the library.
- Addressing loneliness in the elderly population.
- Expanding early years learning and activities.
- Supporting skills and economic development.
- Improving community facilities.
- Reducing the environmental impact of the library building.

- 3.34 The Council's income from car parking in West Wickham is not projected to be impacted by the recommended proposals because the other Council car parks can accommodate the vehicles displaced from Station Road Car Park.
- 3.35 Two pre-planning application meetings were held with the Planning Authority and as a result of the planning feedback the overall height of the proposed housing development was reduced. The library proposals were viewed more favourably and only required minor adjustments. The planners also noted that although the residential element would be physically and functionally unrelated to the library it is understood to be necessary to financially enable the library improvements.
- 3.36 If the recommendation is approved, the following risks and mitigations to the programme have been highlighted as being of particular importance:
- Impact of Brexit, COVID-19 and economic conditions on construction costs – Council officers will continue to monitor the situation with the appointed consultants in the next stages of the project. These risks will also be factored into the procurement documents for the consultancy services and subsequent build contract, with an emphasis on budget management for the quantity surveyor and lead consultant. The main building material for the proposal is brick which can be sourced in the UK.
 - Challenges of developing on a constrained town centre site – Council officers have undertaken initial discussions with neighbouring property owners, including 115 Station Road. A construction management plan will be required as a pre-commencement condition as part of the planning process.
 - Planning – Although the planning application has been submitted this is still yet to be determined. However, this has been mitigated through 2 pre planning applications. In addition feedback from planners has indicated that the redevelopment of the library is a positive contribution to the proposed residential proposals.
 - Sale of the private housing – A prudent assumption has been made about the sale of the private housing, which contributes towards the overall development costs. There is a risk that this quantum of private sale is not realised, leaving a deficit to the overall capital budget, although there are no suggestions that the housing market is likely to be adversely affected in this build period. This has been further mitigated through the prudent assumptions made, and officers will work to ensure as many units can be sold at an early stage to assist this. There is also the possibility that this could be overachieved, in which case this will be used to offset the overall scheme costs, and enhancing the community offer, as without a wholly owned company the Council cannot use private sale for commercial gain.

Funding Opportunities and Value Engineering

- 3.37 As set out in Section 3.6 the GLA has agreed an allocation of funding in principle for the affordable housing element of the scheme. In addition to this, s106 funding for affordable housing of £355,901.19 has also been earmarked for the scheme. In the event of viability challenges the Council could go through a negotiated process with the GLA to seek a higher grant allocation, in addition to considering the scope for phasing certain elements of the library and landscaping design if necessary due to funding pressures.
- 3.38 Council Officers are also working with GLL to target Arts Council funding to enhance the library proposals. An Expression of Interest has been submitted for £350k of funding towards the library, although the outcome of this will not be known for some time. Financial assumptions in this report exclude this grant at this time, therefore any award of grant will only improve the financial position.

4. PROCUREMENT AND PROJECT TIMESCALES AND GOVERNANCE ARRANGEMENTS

4.1 The following programme sets out the work done to date and the subsequent milestones should the project be progressed as part of the Capital Programme.

Action/Stage	Estimated Timescales
West Wickham Feasibility Study Report for Housing Only Scheme	November 2019
Transforming Housing Report Proposing Mixed-use Scheme	September 2020
Competitive Tender for Multi-Disciplinary Design Team	November 2020
Pre-application Meeting 01	1 st March 2021
Design Development and Engagement with GLL	March – May 2021
Ward Councillor Briefing	13 th May 2021
PDS Committee for which West Wickham was included in the Building Housing Programme report.	16 th June 2021
Executive Committee for which West Wickham was included in the Building Housing Programme report to seek permission to submit a full planning application and to secure additional funding for planning fees.	30 th June 2021
Public Consultation, Consultation with Library Staff and Consultation for Road Adoption.	June – September 2021
Planning Application Submission	20 th October 2021
PDS Committee	16 th November 2021
Executive Committee to seek approval to add the scheme to the capital programme and to proceed with the post-planning stages (RIBA Stages 4-6) and the adoption of the service road	24 th November 2021
Estimated Planning determination, with further scrutiny by members in the DC Committee	January/February 2022

Action/Stage	Estimated Timescales
RIBA Stage 4 Consultancy Tender Design and Build contract mobilisation and procurement.	January 2022 March - May 2022
Completion of Library	May 2023
Completion of Housing	September 2023

4.2 The current consultancy services have ended with RIBA Stage 3 and a new consultancy tender process will be undertaken if the recommended option is approved. The bulk of the remaining consultancy fees will be required for RIBA Stage 4, Technical Design. However, there will be ongoing consultancy support for the construction stages as well, covering quantity surveying, contract administration and employer's agent services. These estimated fees are captured in the overall scheme costs.

4.3 For the construction works it is proposed to enter into a design and build contract and to tender for this at the end of RIBA Stage 4, Technical Design. Council officers will use a suitable framework for the construction tender.

4.4 The estimated cost for the provision of a temporary library is £150k. A temporary library will be required during the construction works. The estimated cost is included in the overall capital scheme costs. GLL have experience from other capital projects of facilitating temporary provision at a very low cost and council officers will work with GLL to minimise the costs. The details of the temporary provision proposal will be brought back to the Executive with the proposed award for the main contract works. The use of a vacant shop unit near the site is the preferred option for temporary provision.

5. STAKEHOLDER ENGAGEMENT

5.1 As set out in **Appendix 3** a significant amount of public engagement has been undertaken in the pre-planning stages. As part of the planning determination process there will be a statutory period of public consultation.

5.2 Ward members have been briefed about the proposals and Council Officers will continue to engage with them throughout the subsequent stages. It is also intended that engagement with library staff will continue.

5.3 Local residents will also be kept informed about the progress of the proposals.

5.4 A separate consultation exercise will be required as part of the process to adopt the service road. This consultation will focus on the directly adjoining landowners only.

6. POLICY CONSIDERATIONS

6.1 In the Housing Strategy 2019 – 2029, the Council set itself a goal to support the building of a minimum of 10,645 new homes in Bromley between 2015 and 2030, subject to the new London Plan. This figure includes 1,000 new homes on Council-owned land or acquired sites. This proposal contributes towards meeting these targets. The new London Plan sets a target of 7,740 for net housing completions (2019/20 -2028/29) in the borough.

6.2 The adopted Regeneration Strategy 2020 – 2030 sets priorities for the following areas which the proposals contribute towards:

- Activating high quality leisure and cultural provision.
- Supporting new and existing communities.
- Strengthening our town centres and local economy.

The Regeneration Strategy also specifies that the Council will take opportunities to create a new library facility in West Wickham and it is a library identified for renewal.

7. PROPERTY AND ESTATES CONSIDERATIONS

- 7.1 Officers have agreed a methodology for the assessment and evaluation of all Council owned sites which have either been declared surplus to requirements or identified as having potential for alternative or the amalgamation of other uses such as regeneration/housing delivery under the HRA. This methodology has been approved by the Portfolio Holders for Regeneration and Resources.
- 7.2 The first phase of the methodology is to undertake a high-level assessment of the various options for consideration, and the outcome of these appraisals drives the recommendation for the future use(s) of the site. These options appraisals include (but are not necessarily limited to), the capital receipt that could be generated through the disposal of the site in the open market, the HRA transfer receipt and temporary accommodation savings that could be generated through housing delivery through the HRA, and the impact of a 'do nothing' approach taking into account any maintenance or other liabilities.
- 7.3 This evaluation compares the impact to the Council of the various options that it has at its disposal, to reach a recommendation as to which option provides the greatest overall benefit to the Council.
- 7.4 Consequently, Property have undertaken a market appraisal for disposal, to demonstrate the capital receipt that could be generated through the disposal of the car park in the open market. Please note that the library is not included as part of this exercise as this is a statutory service. The open market disposal appraisal demonstrates a land value of £1.28m for the car park element only.
- 7.5 Property have instructed CBRE Chartered Surveyors to undertake an appraisal of the HRA scheme to ascertain the transfer value that the HRA should pay the General Fund should this scheme proceed. This appraisal demonstrates a transfer value of £260,000. As the scheme progresses through the planning process, should any of the assumptions within this appraisal need to change, the transfer value may need to be adjusted accordingly.
- 7.6 Property have also advised on the 'do nothing' approach. The car park currently generates an income of c. £65,000 pa (taken as an average over the last 5 years) and does not have any backlog maintenance liability associated with it. As set out within this report, the Transport Statement concludes that there is capacity at other nearby car parks to accommodate the spaces that would be lost as part of this scheme. However, whether the £65,000 pa income that is lost from this site, is generated at other Council owned car parks to offset this, is an untested assumption.
- 7.7 The maintenance liability for the library is estimated to be in the region of £407,000 over the next 10 years and does not currently generate any rental income for the Council.
- 7.8 The disposal methodology for the private sale residential element will be brought forward as part of the next report to Members post the outcome of the planning process. Should the recommendations within this report be approved the Property team will work with the Regeneration and Property Legal Teams to ensure that the appropriate notices are served on GLL (who provide the existing library service) in line with the terms of their lease.
- 7.9 Members should note that the Council is foregoing a potential capital receipt of £1.27m

together with the potential loss of the £65k pa car parking income from the housing element of the proposed development should the proposals continue in line with the recommendations of this report.

8. IMPACT ON VULNERABLE CHILDREN AND ADULTS

- 8.1 If this scheme is delivered, vulnerable children and adults will be supported through the provision of an improved library and the provision of affordable housing that is suitable for individuals and families.

9. PROCUREMENT RULES

- 9.1 This report requests the delegation of the decision to proceed to procurement for the design and build works contract at an estimated value of £8M, to the Chief Officer in consultation with the Portfolio Holder. This delegated decision would include; the full scope of the works, the details of the procurement route (for example, if a framework were to be used), and the final evaluation/ award criteria including percentage split.
- 9.2 At a value of c. £8M, it is likely this will be an above-threshold contract and the procurement must comply with the Public Contracts Regulation 2015. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.
- 9.3 The Council's specific requirements for authorising proceeding to procurement are covered in 1.3 of the Contract Procedure Rules with the need to normally obtain the formal Approval of the Executive, following the Agreement of the Portfolio Holder, the Chief Officer, the Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance for a procurement of this value. With this decision being delegated, the full details of the contract, the specification and the procurement route will be approved at an officer level.
- 9.4 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.

10. FINANCIAL CONSIDERATIONS

- 10.1 The total estimated capital cost of the proposed scheme is £9,641k, broken down as follows:

	Library	Private sale	Affordable	Total
	£'000	£'000	£'000	£'000
Design fees & preliminaries	755	466	591	1,812
temporary library costs	150	0	0	150
Surveys	12	8	10	30
Ground works	283	146	154	583
Build cost	2,250	1,442	1,857	5,549
Project management	32	21	27	80
Landscaping	117	234	139	490
Planning & legal	20	13	17	50
Contingency	366	243	288	897
Total	3,985	2,573	3,083	9,641

- 10.2 Following the decision to re-open the Housing Revenue Account, the Council has the option to appropriate the affordable housing element of the site from the General Fund into the HRA. There are various rent levels that could be used, but the two main ones are the London Affordable Rent, a social rent which is currently eligible for £60k grant per unit from the GLA, or Local Housing Allowance levels, an affordable rent which is not currently eligible for GLA

grant.

10.3 In order to let at affordable rent levels rather than social rent, the Council would also need to meet one of the following requirements:

(a) a housing supply delivery agreement between that provider and the Homes and Communities Agency (now known as Homes England) or the Greater London Authority and the accommodation is permitted by that agreement to be let at an affordable rent;

(b) an agreement between a local authority and the Secretary of State and the accommodation is permitted by that agreement to be let at an affordable rent; or

(c) the Secretary of State, Homes England or the Greater London Authority has agreed that it is appropriate for the accommodation to be let at an affordable rent.

10.4 The table below provides indicative build costs and revenue implications for the affordable housing element in the Housing Revenue Account (HRA) at the two rent levels and GLA grant referred to in paragraph 10.2:

	London Affordable Rent £'000	Local Housing Allowance £'000
Capital		
Build cost	3,083	3,083
Land appropriation value	260	260
S106	-356	-356
GLA grant	-840	0
Total capital financing requirement	2,147	2,987
1 beds	14	14
2 beds	0	0
3 beds	0	0
	14	14
Average net cost per unit	153	213
Revenue		
Annual rent	-118	-150
Annual management costs	47	47
Annual loan repayment *	79	110
Total annual surplus (-) / deficit (+)	8	7
Annual savings on temporary accommodation	-75	-75
Total net revenue impact	-67	-68
NPV over 40 yrs (excl. TA savings & property value)	-408	-678
NPV over 40 yrs (incl TA savings)	-2,289	-2,559
Payback period (excl. TA savings)	32 years	31 years
* 40 year PWLB annuity rate at 04/11/21 is 2.04%		

10.5 As can be seen from the table above, setting rents at Local Housing Allowance results in the highest net capital cost, but also results in the highest annual revenue surplus (assuming build costs and land transfer is repaid over 40 years). However, as set out in paragraphs 3.8 to 3.10, it is recommended that rents are set at London Affordable Rent for these schemes. This will allow the Council to benefit now from GLA grants which may not be available in the

future (or at the same level).

- 10.6 Although there is an estimated shortfall of net income of £8k in year 1, this becomes a surplus after 6 years as a result of rent increases assumed at 2% per annum whilst the annuity loan repayments remain fixed.
- 10.7 It should be noted that by appropriating the land into the HRA, the market value of the land is charged to the HRA. Although this is not an actual capital receipt, it does mean that the General Fund can incur more capital expenditure without needing to borrow through an adjustment to the Capital Financing Requirement. This would not apply for temporary accommodation, although as the land would remain in the General Fund, it could later be disposed of to generate a capital receipt, which has been valued at £1,270k. The land transfer value has been independently assessed at £260k.
- 10.8 With the GLA grants, and additional Section 106 contributions, it is recommended that the financing for the scheme (including the land appropriation value) is as follows:

	£'000
Revised scheme cost (incl. land value)	3,343
Financed by:	
GLA grant	840
Section 106 contributions	356
Internal borrowing	2,147
	3,343

- 10.9 As the Housing Investment Fund is a General Fund earmarked reserves which have been allocated for long term housing investments, it is proposed that this is used for the £2,147k internal loan from the General Fund to the HRA, and that interest is charged at 2.04%, which is the 40 year rate that the Council could borrow from the PWLB. This internal borrowing could be refinanced in future, for example when considering the financing of future housing schemes.
- 10.10 London Affordable rents can be increased annually by up to CPI + 1%. Prudently assuming net rental inflation of 2% per annum, the scheme will deliver estimated total net rental income surplus of £1,170k over 40 years which will be ringfenced within the HRA for major repairs and future capital expenditure.
- 10.11 The table below summarises the first full year financial impact for the HRA and General Fund of appropriating these sites into the HRA and letting at London Affordable Rent levels:

	HRA	General Fund
	£'000	£'000
Capital		
Build cost	3,083	
Land appropriation value	260	-260
Section 106	-356	
GLA grant	-840	
Total capital financing requirement	2,147	-260
Revenue		
Annual rent	-118	
Annual management costs	47	
Temporary accommodation savings		-75
Annual loan repayment *	79	
Total annual surplus (-) / deficit (+)	8	-75
* 2.04% annuity repayment on internal borrowing over 40		

10.12 Based on an estimated average price of £431k for the 12 private sale units, a surplus of £2,599k would be generated, so capital investment of £1,386k would be required to deliver the library element of the scheme as set out below:

	£'000
Private units build costs	2,573
Private sales	-5,172
Surplus	-2,599
Library costs	3,985
Net cost	1,386

10.13 Assuming the Arts Council funding of £350k can be secured, then the net capital investment required would be £1,036k.

10.14 Section 3.4 of the report states that the cost of backlog maintenance liability for the library over the next ten years is £407k. Of this, c£175k is deemed urgent and essential works and would be required in any event were the library improvement not undertaken. Effectively, this reduces the net capital investment further if compared to the existing funding requirement.

10.15 The improved library will continue to be managed by GLL under the current contract terms and at the same contracted price. Additional rental income of £70k - £90k p.a. is projected from new community provision and a café. This income is subject to a sharing arrangement with GLL that has yet to be agreed. A prudent assumption is that the Council will receive at least 50% i.e. £35k - £45k p.a., although officers will seek to maximise this share.

10.16 Net budgeted income from Station Road car park is £60k. As set out in the report, the Transport Statement concludes that cars displaced from Station Road can be accommodated in nearby car parks and the report concludes that overall car park income will not be affected. However, there is no certainty regarding this assumption and therefore a risk that there could be some overall loss of income.

11. LEGAL CONSIDERATIONS

11.1 In relation to the proposals concerning land and buildings as set out in the report, the Council

has various statutory powers to provide, maintain and improve housing (Housing Act 1985), Libraries (Public Libraries and Museums Act 1964) and adopt to highways (Highways Act 1980). In addition, the council has the power of general competence to do anything an individual could do under section 1 of the Localism Act 2011 together with the councils local Regeneration and housing policies. Where commercial activities are proposed in relation the sale of properties being the predominant motive, the effect of section 4 of the 2011 Act may require this is done through a separate corporate commercial entity. There may be certain advantages and drawbacks for using a separate entity for this purpose. Further clarity is required in order to establish the most beneficial structure to adopt with regard to the sale of completed non-affordable homes and the affordable homes. Consideration here should be given to the council's appropriation, planning powers and benefits or otherwise of using the Housing Revenue Account.

- 11.2 It is apparent from this report that the project will require that certain building works will be undertaken to develop the site as proposed. The public building works would appear to involve the improvement of the library, highway works and the provision of homes (affordable and non-affordable) on council land.
- 11.3 The Public Contracts Regulations 2015 (Regulations) apply to the acquisition of works above a threshold (currently £4,733,252). This is likely to be the case as the works are to be procured by the Council.
- 11.4 As to whether these works fall within the Regulations is a matter which will require further detailed analysis. On the face of it (without further analysis) the works would appear to be public works requiring a procurement by way of a public works contract in that there will be a contract for a pecuniary interest concluded between an economic operator (successful contractor) and a contracting authority (council) and having as their object the execution of works. Works is further defined to include the realisation by whatever means of a work corresponding to the requirements specified by the contracting authority exercising a decisive influence on the type of design of the work.
- 11.5 The recommendations also seek authority for the procurement of contract(s) (value £363k) for the provision of professional consultancy services. Where the value is over the Regulations threshold for services (£181,302), a procurement in full compliance with the Regulations must be carried out although a Regulations compliant framework can be used.
- 11.6 Where the value of any services or works contracts is below their relevant Regulations threshold the Council must still ensure best value is demonstrated in compliance with its fiduciary duties toward taxpayers.
- 11.7 The procurement section of this report explains fully the way in which the contracting proposals must comply with the Council's Contract Procedure Rules in terms of approvals and future approvals.
- 11.8 As noted in the report the leisure centre provider (GLL) will need to enter into certain agreements which officers and GLL will need to identify and agree as early as possible in order to fully facilitate the Councils plans.
- 11.9 Budget approval by the Executive as set out in the Recommendations must also be reported to Full Council.
- 11.10 The report set outs public engagement undertaken however Officers should consider whether and if so to what extent options and proposals should be subject to any public and stakeholder consultation.
- 11.11 In the event of there being a disposal by the Council it has power under s.123 of the Local

Government Act 1972 to dispose of land for best consideration that can reasonably be obtained (usually based on open market value).

s.128 of the Local Government Act 1972 confers power to the Secretary of State to give general consent for the purposes of land disposals by local authorities carried out under their powers in Part 7 of the 1972 Act.

The Local Government Act 1972: General Disposal Consent 2003 removes the requirement for authorities 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

Applications for specific consent, if appropriate, should be sent to the Secretary of State and include the following information:

- Written description of the land and buildings, the location
- Written description of how the land is currently held by the Council
- Details of any leases, encumbrances such as easements
- Summary of the proposed disposal/transaction
- Detailed valuation report signed by a qualified member of RICS. Ideally valuation should be done no earlier than 6 months before application for consent.

This only applies to land held as general fund land. It does not apply to land sold under s.233 T CPA 1990.

11.12 Disposal of Land considered as Open Space

If there is Open space in any disposal, Section 123 (2A) of The Local Government Act 1972 states that on any disposal of land considered as open space (any land, enclosed or not, on which there are no buildings, and the whole of the remainder of which is laid out as a garden or is used for recreation purposes or lies waste and unoccupied) requires the local authority to give notice of its intention to dispose of the land for two consecutive weeks in a newspaper circulating in the area in which the land is situated, and they must consider any objections to the proposed disposal which may be made to them.

LAND APPROPRIATION

11.3 The purpose of the Appropriation for planning purposes is to ensure that any redevelopment may benefit from the power in section 203 of the Housing and Planning Act 2016 to override all third-party rights including covenants and easements. The Act enables public bodies to implement this power where the demonstration of the use is demonstrably in the public interest and proportionate to the end being pursued.

11.4 The Council in developing its proposals will need to give due consideration to the third-party rights that are likely to be affected or injured as a result of any proposed redevelopment. The Council’s legal advisers and consultants will review the rights of adjoining property owners. At that stage, if there may be any potential right of light injuries caused as a result of the redevelopment. A right to light survey will be completed and this will identify whether any rights have been infringed upon and potential costs for injuries will be identified.

- 11.5 To demonstrate the use of this power, the Act requires the Council to demonstrate the public interest and benefit.
- 11.6 Following Appropriation relevant land will be transferred to and administered from the General Fund Account to be administered under the Housing Revenue Account (HRA). Once the development has been completed the land will be appropriated as housing land. The Council will not however lose the protection over the homes built whilst the land was appropriated for planning purposes, as such the newly built development would not be subject to an injunction (i.e. third parties whose rights have been injured as a result of the development will not be able to halt the development).
- 11.6 It should be noted that the Appropriation of the site for planning purposes will generate substantial public benefits which will far outweigh any injuries to the private rights of third parties.
- 11.7 Appropriation of the land for planning purposes will prevent any injunctions being sought by a party whose right may be interfered with and thereby preventing and delaying the proposed development. It will also ensure that the commercial and market attractiveness of the scheme is not diminished by the existence of injunctive rights which can frustrate the development.

Non-Applicable Sections:	Personnel considerations; IT and GDPR considerations
Background Documents: (Access via Contact Officer)	<p>Appendices:</p> <p>Appendix 1 – Design & Access Statement</p> <p>Appendix 2 – Condition Survey for West Wickham Library</p> <p>Appendix 3 – Statement of Community Involvement</p> <p>Appendix 4 – Transport Statement</p> <p>Other background documents:</p> <p>HPR2021/037 Building Housing Programme</p> <p>DRR19/053 Provision of Housing at West Wickham Library and Station Road Car Park, West Wickham</p> <p>DRR19/027 West Wickham Leisure and Library Redevelopment</p> <p>Regeneration Strategy 2020 – 2030</p> <p>Housing Strategy 2019 – 2029</p>