

Report Title: Hornsey Town Hall	
Forward Plan reference number (if applicable): [add reference]	
Report of: Acting Director of Finance / Community Partnership Board	
Wards(s) affected: Crouch End	Report for: Key Decision
<p>1. Purpose</p> <p>1.1 To agree the recommendations to deliver a viable development scheme for the future of the Hornsey Town Hall complex.</p>	
<p>2. Introduction by Executive Member</p> <p>2.1 The scheme as outlined in this report, is a means of preserving a much loved Town Hall for the use of borough residents. Additionally, it is my hope that the redevelopment site will reinvigorate the Town Hall and once again make it a hub of civic and social activity</p> <p>2.2 The scheme is self funding in phases 1 and 2 and it is hoped that a local community trust will be formed to secure funding for stage 3 and beyond. However, we will keep this process under close review and will work alongside partners to make this possible.</p> <p>2.3 The development of the site necessitates the relocation of some Council Services and an action plan is being drawn up between personnel and property services so we can move forward.</p>	
<p>3. Recommendations</p> <p>3.1 To agree that the development could proceed in phases, initially phase 1 and 2 with the implementation of the final phase to be subject to funding becoming available in the future.</p> <p>3.2 To agree that the future management of the Hornsey Town Hall facilities should be transferred to an independent charitable Trust.</p>	

- 3.3 To agree to proceed with the model development brief attached as an appendix to this report which is based on the proposals contained within the report and to prepare a marketing brief in partnership with the CPB in order to take the project to the market and secure a development partner.
- 3.4 To note that the Community Partnership Board has agreed to form a Company Limited by Guarantee and registered charity ("Trust") as the next step in the formation of a Trust, for the future management of and fund raising for Hornsey Town Hall
- 3.5 To receive a report back to the Executive with a recommendation for a preferred development partner and future operational management arrangements of the Town Hall facilities in February 2007

Report Authorised by: Gerald Almeroth, Acting Director of Finance

Contact Officer: Richard Harris, Corporate Property Services

4. Executive Summary

- 4.1 The Hornsey Town Hall Community Partnership Board meets regularly to consider options for the future use and development of the site and is working with officers towards the production of a commercial development brief to enable the site to be marketed to secure a development partner to deliver a range of community, commercial and cultural uses and activities on the site
- 4.2 A decision in principal is now needed to agree the objectives for development and a timetable for taking this project to the market to find out if a suitable development partner can be identified to realise this proposal into a financially viable scheme

5. Reasons for any change in policy or for new policy development (if applicable)

- 5.1 This proposal has been noted by the Executive previously

6. Local Government (Access to Information) Act 1985

- 6.1 Background papers
 Previous reports to the Executive, 14th Feb 2002 11th March 2003 17th Feb 2004 21st Dec 2004 1st Nov 2005.
 Hornsey Town Hall Conservation Plan
 DSDHA Executive Feasibility Review (part of report contains exempt financial information)

7. Background

- 7.1 The Executive of the 11th March 2003 received a report on the potential of a self financing scheme to adopt and restore the Town Hall, Assembly Hall and associated buildings. Approval was also given to instigate urgent repairs.

- 7.2 The Executive of the 17th February 2004 received a report recommending a scheme through a lead developer and inviting community and cultural organisations to work with the Council within the principal of a commercial scheme. This was noted and an Advisory Panel of community representatives set up.
- 7.3 This Advisory Panel reported to the Executive on the 21st December 2004 that a partnership between the Council and the Community involving private capital should be investigated further. To this end it was resolved to set up the Hornsey Town Hall Community Partnership Board as a working party of the Executive.
- 7.4 The Executive agreed in Dec 2004 that an evolving partnership approach would be the most effective way to secure and improve Hornsey Town Hall for the benefit of future generations in Haringey. The beginnings of this partnership were put in motion when it was agreed that a Community Partnership Board (CPB) be set up to work with the Council to review potential uses for the building and to produce a development brief for the site.
- 7.5 A key conclusion was reached and agreed that an overall solution should be sought for the whole of the site, and that sufficient value can only be generated from commercial development to cross fund the project to enable the Council and the CPB to deliver the range of community, commercial and cultural uses that has been identified through community consultation.
- 7.6 This would have the effect of not placing complete reliance on public funding to deliver this project. As the report makes clear the primary funding source is expected to be via commercial development however there will be a vigorous fund raising strategy developed to run in parallel, to access maximum public sector funding available.
- 7.7 The CPB was asked in their terms of reference, inter alia, to consider how the partnership proposed by the Advisory Panel might work including consideration of the potential role of a Trust to run and manage the retained areas of the completed scheme. Subsequent legal advice has been taken to establish the requirements and risks involved in a Trust formation and this is being progressed with the intention of having a Trust in place by the end of the year.
- 7.8 A Planning Brief was adopted by the Council as Supplementary Planning Guidance in Dec 2004.
- 7.9 An Acoustic Containment Study was commissioned on the Public Halls to assess the viability of amplified music to assist the architects in costing the various use options.
- 7.10 Ongoing public consultation and engagement regarding the proposed community, commercial and cultural uses for the site has been undertaken, the results considered and assessed on a structured scoring exercise assessing the uses against social and economic criteria.

- 7.11 A costed Feasibility Study, led by architects, and supported by a cost consultant, a commercial development surveyor, a sustainability consultant and an architectural historian has been commissioned based on a brief to maximise the commercial return of the scheme based on the community and cultural uses identified through the public consultation. The final report identifies a preferred scheme and forms the basis of the recommendations detailed within this report.
- 7.12 An outline revenue business case for the ongoing management of the preferred scheme shows that a financially viable project can be delivered. This business case is being refined and will form part of the Development Brief.
- 7.13 Pre Application consultation and meetings have been held with the Heritage Lottery Fund around grant funding for the scheme.

8. Proposals

- 8.1 A vision for the site has been agreed;
 “A vibrant arena for all, harnessing a spirit of progress, creativity and enterprise for future generations of Haringey, London and beyond”

Six key objectives have been established

1. Help unite East and West, North and South of the Borough and beyond
2. Open a place within the site for young people in particular to use and own
3. Deliver a welcoming public space, open to all in which we celebrate Haringey’s history and cultural diversity
4. Evolve a centre of creativity, diversity, learning and enterprise.
5. Become a flagship with a national and international reputation for excellence
6. Create a sustainable future for Hornsey Town Hall.

- 8.2 The costed feasibility study that was commissioned produced a number of potential development schemes for the site. The schemes have been appraised to take account of the competing factors, namely, the financial viability of a scheme, the community aspirations and wants for the site in respect of types of use (as received through the consultation process) and the content and level of development acceptable on the site.
- 8.3 The preferred option that is being recommended to the Executive is set out in Appendix B of this report “Revised Feasibility Study”. However, there is a funding gap based on the estimated cost of the full proposed refurbishment and restoration and the projected capital values generated from the residential and commercial developments of parts of the site. It is therefore recommended to proceed with phases one and two which involve the restoration of the Town Hall and essential works required, to refurbish the assembly hall, foyer and other Town Hall spaces for community and commercial use.
- 8.4 As well as considering the options for the physical development of the Town Hall the Partnership Board has and will continue to consult on the needs of the community, potential end users and options for the future management of the new facilities. In preparing the outline business plan it has been highlighted that there is a need to secure a mix of long term and occasional users to ensure the

financial sustainability of the Town Hall whilst promoting the widest use by providing adequate multi use spaces.

- 8.5 In considering options for the future management of the Town Hall it has been assumed that the Council would prefer not to operate the new community facility directly. Although the option of contracting with a commercial operator may have some benefits in terms of financing the set up of the services and experience of facilities management, this has not been explored however it will be considered as part of the business planning process . The options of a community based, not for profit, organisation has been considered more fully and based on other examples of partnership working it is considered that the benefits of a community owned initiative will generate greater interest and improve the chances of realising and making the objectives sustainable.
- 8.6 It is therefore recommended that the future management of the restored and refurbished spaces within Hornsey Town Hall be transferred to a charitable Trust that shares the vision and objectives set out above and has the capability of operating the facilities for the well being of the community. The Community Partnership Board has agreed to form a Company Limited by Guarantee and becoming registered as a charity for the purposes of developing and managing these facilities for community benefit. The Trust will also seek to access grants and other funding for Phase three of the development.
- 8.7 A number of options have been considered for delivering the proposed scheme and it is considered that the most effective approach will be to engage a private sector developer/developers to undertake the proposed land development (residential and commercial) that generates capital and carry out the refurbishment and restoration of the Town Hall. As well providing an integrated development process this approach has the benefit of optimising capital values, securing appropriate commercial and construction skills, sharing of risks and greater certainty over delivery, subject to planning consent. This approach will also enable the Council and the Trust to work with the private developer in the final scheme design and retain community involvement. The proposed scheme would be based upon a development model requiring the Council and the Trust to enter into a joint agreement with a selected developer/s to procure the delivery of the project. The Council would retain the freehold of the site and grant a long lease to the development partner over those parts of the site not to be retained (the commercial and residential elements) in return for a Capital consideration that would be used to procure the repair and refurbishment works to Hornsey Town Hall as detailed in Phase 1 and 2 of the Feasibility Study. This would be subject to a defined timescale and the lease and agreement with the developer will specify controls to protect the use of the site.

9.0 Consultation

- 9.1 The CPB has undertaken public engagement and consultation within the Borough in the form of meetings open days, presentations and exhibitions at Hornsey Town Hall, information packs and feedback forms. A further public

open day and exhibition took place at Hornsey Town Hall on the 8th July; the exhibition has also been taken to the Marcus Garvey and Wood Green libraries.

- 9.2 The Feedback received to date from those who attended the exhibitions has identified concern over the amount of housing proposed on the site, the total number of units and the proposed height of the development.

10.0 Comments of the Head of Corporate Property

- 10.1 To proceed with phases one and two, requires an investment of £9.165m. Raising sufficient capital from the development would involve;
1. The disposal of a long leasehold interest up to 199 years on parts of the car park site including Western Park Annex (the OD & L building) for residential development
 2. The disposal of a long leasehold interest up to 199 years of the Broadway Annex and Mews Studio for residential and retail development
 3. The grant of leases on the live work units proposed in the rear wing of the Town Hall.
- 10.2 Vacation of the Town Hall is being actively pursued as part of the Accommodation Strategy. However these proposals involve further relocation of Council staff and services for which options are being costed and considered in accordance with the Accommodation Strategy, which is based on relocating all staff and services not needing to be in a locality to be base within the Wood Green hub. There is already a capacity shortfall at Wood Green and some of the services need to remain close to their current location there are therefore significant challenges in finding space and there are additional costs.
- 10.3 There is a requirement to relocate the Customer Service Centre in a central location within Crouch End. An option would be to provide space within the refurbished Town Hall with the service making a contribution to the maintenance and upkeep of the building. It would provide a community/customer hub and fit in with the overall vision for the complex.
- 10.4 The joint agreement will require the Trust to take a long lease of the areas of the Town Hall to be retained on completion of the development, and to manage these areas. This would have the effect of reducing the Councils interest and risk in the site to that of ground freeholder.
- 10.5 As part of the development process the Council and the CPB are considering the implications of securing an “anchor tenant or tenants (majority users)” for the scheme. If successful, this could have the effect of improving the projected Capital and Revenue receipts detailed in the attached Feasibility Study report. At present expressions of interest from two independent organisations have been received and are actively being considered in respect of their possible relocation to the site
- 10.6 As can be seen from the Feasibility Study there is a financial gap in the proposal for Phase 3 of the scheme. The phasing of the whole development has been

constructed in such a way that the majority of the capital receipts are realised in the early stages in order to repair the buildings and to bring back into operational use as much space as possible. This will then enable the community/cultural uses to be delivered and importantly generate revenue from commercial lettings in the scheme to enable the Trust to independently manage the site.

- 10.7 The timing of the works identified in phase 3 may not be critical to the financial viability of the preferred scheme or the Trusts ability to independently manage the site. A mixed public and private fundraising strategy is being developed specifically to address the shortfall in phase 3 together with possible private sponsorship. Phase 3 could be subdivided into stages dependent upon the level and type of finance that is secured. There is also scope within the development brief to increase the projected Capital Receipt for the residential development element. This will be subject to the input from English Heritage in respect of the use of individual buildings and the site layout in general and the Planning Department in respect of the height, density, mix and social housing requirements for the site.
- 10.8 It should be noted that there are inherent financial, business and other risks associated with the proposal to transfer the public spaces and future management to an independent Trust. These issues have been explored and will continue to be addressed as part of the outline business case, formation of Trust and governance arrangements. A full Business Plan will also be prepared with an emphasis on risk management and contingency planning. A demand assessment for the retained spaces in the Town Hall post scheme has been undertaken and this will be developed into a projected income stream to resource the retained project
- 10.9 Key dates and timescales for delivery of this project are;
- Marketing of the site based upon the development brief November 2006
 - Shortlist developers December 2006
 - Select development partner February 2007

11.0 Financial Implications

- 11.1 The Executive's agreed approach to the Town Hall complex is to seek a solution that enables the restoration and refurbishment work to be carried out by reinvesting the value generated from the disposal of the ancillary space within the site for commercial and residential use.
- 11.2 The feasibility study (Appendix 2) estimates total costs of the full scheme at £15.2 million. Receipts from the long leasehold disposals, Council's contribution for roof repairs and other capital funding are estimated to be £11.4 million resulting in an initial shortfall of £3.8 million.
- 11.3 It is proposed to carry out the development in three phases for which the estimated costs and receipts are;

£000

Development Costs

- Phase 1 - Exterior works and landscaping	3,536
- Phase 2 - Refurbishment Assembly Hall, Foyer Town Hall space	5,629
	<hr/> 9,165

Funding

- Sale land to rear of Town Hall	
- (based on low/medium density development), long lease live work units, LBH funding for roof and other funding.	(6,506)
- Sale of Broadway annex East & West wings & Mews (currently occupied Council office space and Customer Service Centre)	(3,611)

Estimated Net surplus of Phase 1 and 2	<hr/> 952
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Development Costs

- Phase 3 (studio dance hall, cinema, Council chamber)	6,006
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Funding

- Cinema premium and other external funding	(1,322)
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Estimated Net cost of Phase 3	<hr/> 4,684
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Estimated Net costs of whole scheme	<hr/> 3,732 =====
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As stated in this report the projected Capital receipts to fund the scheme are prudent estimates based on relevant comparable evidence. The purpose of these estimates is to financially test the scheme. It is however anticipated the market will deliver a higher capital return.

The above figures do not include the cost to relocate Council staff displaced as a result of the proposed scheme. The Council is currently considering ways of funding these relocation costs as part of its Pre-Business Planning Review and it will need to be prioritised as part of the budget setting process.

12.0 Comments of the Head of Legal Services

12.1 Legal Services is not involved in the formation of the Trust due to potential conflict of interest. The CPB are obtaining separate legal advice from a firm of

solicitors on the formation of the trust and registration as charity, they are being funded by Property Services. The Trust will be a Company Limited by guarantee and a registered charity as set out in paragraph 3.4. The number of trustees (10-12) are to be agreed by the CPB but two places are reserved for Councillors. They will need to be nominated by the Council in accordance with Clause 17.08 of the Constitution. A further report will be required for this purpose once the charitable purpose and incorporation documents have been agreed. It is important that the Trust remains outside the influence or control of the Council as otherwise the Charity Commission will refuse to register it.

13.0 Equality Implications

- 13.1 This proposal will provide additional social housing and environmental improvements to the area. It will also provide additional community facilities accessible to all within the Borough and surrounding areas.

14.0 Use of Appendices / Tables / Photographs

- 14.1 Appendix A – Community Partnership Board Timetable
Appendix B – Revised Feasibility Study
Appendix C – Development Brief