

<b>Report for:</b>	<b>Cabinet 16 June 2015</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Hornsey Town Hall: Delivery Strategy</b>
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<b>Report Authorised by:</b>	<b>Lyn Garner, Director Regeneration, Planning &amp; Development</b>
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<b>Lead Officer:</b>	<b>Jon McGrath, Assistant Director Property &amp; Capital Projects</b>
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<b>Ward(s) affected:</b> <b>Crouch End</b>	<b>Report for Key/Non Key Decisions:</b> <b>Key</b>
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**1. Describe the issue under consideration**

- 1.1 A Cabinet decision in April 2011 declared the Hornsey Town Hall (HTH) site surplus to the council's requirements and selected Mountview Academy of Theatre Arts (Mountview) as the preferred occupier of the building to take on the building under a 125 year lease term.
- 1.2 For several years the Council has been working alongside Mountview Academy of Theatre Arts and the Hornsey Town Hall Creative Trust (HTHCT) to bring forward a restoration project for the Town Hall, securing its future as an important and much loved heritage asset in the borough.
- 1.3 An announcement was made in January 2015 that Mountview Academy of Theatre Arts would no longer be progressing their plans to refurbish and relocate into Hornsey Town Hall.
- 1.4 The council remains committed to both finding a long term sustainable future for Hornsey Town Hall and supporting Mountview in finding a new home to secure their future in the borough. The council is currently working with Mountview to explore a number of interim and permanent options for them to remain in Wood Green.
- 1.5 Following the Local Partnerships Gateway Review of the Hornsey Town Hall (HTH) project, which was held in December 2013 and reported to Cabinet in July 2014, the council has been addressing the Gateway Review high priority recommendation for an options appraisal for the project to be completed to consider alternative plans for the future of the site.

- 1.6 The report taken to Cabinet in July 2014 outlined the outcome of the Gateway Review and set out the scope of the options appraisal work being undertaken. The project was also discussed at CAB in September 2014 and it was agreed that a recommendation on how to secure a sustainable future for the Town Hall would be brought forward to Cabinet following the outcomes of the options appraisal, soft market testing and delivery plan pieces of work.
- 1.7 The council recognises that Hornsey Town Hall is a highly valued asset to the local community and is committed to keeping all stakeholders updated with project progress and plans for its future. The council has carried out two stakeholder workshops and a public exhibition and meeting to inform all interested parties of the recent progress and the next steps. HTHCT have also carried out their own engagement process and undertaken two additional stakeholder workshops, collected questionnaire results and held a public meeting to understand what the local community want to see from the community use elements of the project.
- 1.8 A decision is now required by members to approve a new approach to the project, including an alternative proposed procurement strategy, new capital project budget and authorise officers to take the Hornsey Town Hall site forward to the market. A report will then return to Cabinet once a preferred bidder is selected, prior to award of contract.

## **2. Cabinet Member introduction**

- 2.1 Hornsey Town Hall is a real gem in Haringey. We are determined to see the town hall brought into use in a way that will see the building brought to life and will cover the costs of preserving this amazing building for future generations of Haringey residents.
- 2.2 After years of hard work by Mountview Academy of Theatre Arts, more detailed work showed that unfortunately the building wasn't going to work for the theatre school and earlier this year they announced their withdrawal from the project. Since then we have been working hard to look at other options for the building and this report provides an update on where we have got to.
- 2.3 The Council will now run an open public procurement process, which will allow organisations to bid to take on the running of the town hall. Working with the Hornsey Town Hall Creative Trust, we have worked up a scoring system for bids which creates a double-lock for community access. Firstly, bids will not be considered unless they show a clear commitment to an open door policy and access to the building. Secondly, we will be challenging organisations to put forward innovative ideas for community access and use, and this is one of the main areas that bidders will be scored against.
- 2.4 Fundamentally, it is important that we all acknowledge that preserving this Grade II\* listed building for the future is a very expensive task. It is vital that we find a plan that brings in the income, on an ongoing basis, to maintain the

town hall. This means that the building needs to work commercially in the long-term, to pay for itself. The withdrawal of the Mountview plan was an important lesson in how challenging it is to convert a listed building for a new use and to make it work financially. So, while we are committed to ensuring community access, we must be realistic and be open minded about what the future use, or uses, may be.

- 2.5 Finally, I want to thank the hundreds of residents and local community organisations who have engaged with the Hornsey Town Hall project recently - through workshops, a public meeting and a public exhibition. The passion for the building is clear and palpable and I hope that this cabinet paper sets out a clear roadmap which sets out transparently what the next steps are and how the Council will make a decision on the future use of this iconic building.

### **3. Recommendations**

#### **3.1 Members are asked to:**

- 3.1.1 Agree the refreshed HTH project objectives and delivery parameters (as set out in section 5.6 and 5.7 of this report) and be used to inform the procurement exercise.
- 3.1.2 Agree that the HTH site (as shown edged in red line plan at Appendix A) is offered for disposal on the open market, via a procurement exercise, on a long leasehold interest basis for a term of 125 years.
- 3.1.3 Agree that officers can take the HTH site (as shown in red line plan at Appendix A) to the open market via an OJEU Competitive Procedure With Negotiation (in accordance with Regulation 29 of the Public Contracts Regulations 2015) immediately to secure a Developer for the HTH site and operator for Hornsey Town Hall on the basis that a further report will be brought forward to Cabinet to select a preferred bidder once the procurement exercise has been completed.
- 3.1.4 Agree the tender evaluation criteria (set out in paragraph 5.20) to select a preferred bidder and delegate authority to the Director of Regeneration, Planning and Development after consultation with the Lead Member for Housing and Regeneration and the S151 Officer to determine the final tender evaluation criteria to be used.
- 3.1.5 Note that the existing approved capital programme includes a budget of £300k in 2015/16 to progress this project.
- 3.1.6 Approve an additional capital budget of £1.18m to bring the total approved budget to £1.48m to cover the forecast costs of essential works, marketing the site and the procurement process to secure a preferred bidder. Additionally approve a new revenue budget of £75k per annum to fund the additional borrowing costs associated with the increased capital expenditure.

#### **4. Alternative options considered**

4.1 The alternative options that have been considered for the Hornsey Town Hall project can be defined as follows:

- Option A - Do nothing: Without taking any action to secure a future use and developer/operator for the Town Hall the building condition will continue to deteriorate. The council remains responsible for the on-going liability for the building and any use of the building by the local community will be limited.
- Option B - Conditional land sale: The council could sell the HTH site via a conditional land sale agreement, however the council would have limited control in this option to enable and enforce community access and use.
- Option C - Freehold sale of the site: Sale of the site without retaining any interest would mean the council is unable to secure community access and use as there are no lease mechanisms to enable this.
- Option D - Dispose of land at the rear and use receipt to refurbish the building: In this scenario it is not expected that the land sale receipt would fully cover all the costs to refurbish and fit out the building for use, the council's on-going liability for running costs and maintenance is not removed and a sustainable operator and future use is not secured for the Town Hall.

#### **5. Background information**

5.1 There is an existing Planning, Listed Building and Conservation Area Consent for the Hornsey Town Hall that was granted to the Council in December 2010 and implemented in 2013, for the refurbishment of Hornsey Town Hall and for new residential development on the former car park to the rear of the Town Hall, Broadway Annex and Mews (123 units in total of which there are 4 affordable housing units). The consent also included conversion of part of the Listed building for residential use.

5.2 A condition placed on the Planning and Listed Building consent links the refurbishment of Hornsey Town Hall to the residential development to prevent occupation of the residential new blocks on the site until the listed building has been refurbished. This places restrictions on any land sale to a developer as they are tied to the programme for the main Hornsey Town Hall works.

5.3 The Council appointed professional advisors GVA to support officers in determining alternative options available for the future of the Hornsey Town Hall site. All of this work has been undertaken in conjunction with the Hornsey Town Hall Creative Trust who are fully sighted on the outputs and has been reviewed regularly with the Steering Group which includes representation by the Cabinet Member for Housing and Regeneration and Crouch End Ward

Councillors. A number of pieces of work have been progressed to inform Steering Group discussions. This work has included:

- Refreshing the project objectives
- Options Appraisal
- Market Demand Study
- Soft Market Testing with potential developers and operators
- Stakeholder engagement and public exhibition
- Defining community use and access requirements
- Procurement & delivery strategy

5.4 The work undertaken to date has identified that one developer / operator for the site is a preferred approach as it secures both the restoration works and a long term operator for the building and is likely to bring the building back into use at the earliest opportunity.

5.5 The output of these strands of work is summarised below:

**Objectives and key parameters**

5.6 The council has reviewed their previous project objectives and refreshed these to agree the following objectives:

- Restore Hornsey Town Hall in a way that respects its Grade II\* listed building status and safeguards its future by providing financially sustainable spaces fit for purpose.
- Facilitate cultural, community and other activities in the Town Hall, provide public access to the building and make a positive contribution to the local economy.
- Remove the Council's ongoing liability for the building.
- The Town Hall square will be improved by integration into the final scheme, retaining public use.

5.7 These objectives, have been used to inform the parameters for delivery which can be described as follows:

- a) The Council is offering a long leasehold interest in the site for a term of 125 years.
- b) LBH would prefer not to have any future stake holding in, nor carry any liability for the town hall.
- c) LBH does not desire an on-going role in the development process or operation of the site (beyond its statutory role) after selection of the preferred developer.
- d) The Town Hall square will be included in the development, given appropriate provision for public use and access.

- e) The Council must achieve best consideration for its asset and is happy to consider both revenue and capital payment structures in order to facilitate a suitable solution in light of its broader objectives.

### **Options Appraisal**

5.8 The options appraisal reviewed the Mountview options and challenged how and whether these could be made viable alongside reviewing other potential delivery options for the project. The appraisal concluded that the Mountview scheme was not viable, however alternative options included the following elements:

- Opportunities for the council to remove their on-going liability for the building
- Opportunities for private rented sector (PRS) led development rather than private sale
- Potential for revenue income in place of/alongside a capital receipt
- Ways in which a commercial operation can work alongside community use

### **Market Demand**

5.9 This was a desk based exercise which considered the potential scale of market and future demand for various uses within the Town Hall, such as employment, retail, leisure and residential uses. The key findings can be summarised to be:

- The area provides a strong opportunity for both private sale and PRS.
- Potential small opportunity for office space for local businesses and professionals
- Retail use is likely to be ancillary to the main use of HTH
- Lack of direct connectivity to Central London may limit the location for hotel use, however data suggests there could be a demand for either a lower price range hotel or something more bespoke/boutique as there is little current offering in the local area.

### **Soft Market Testing**

5.10 There have been two soft market testing exercises carried out to identify what the market interest is for the site and to explore alternative options. The key findings from this process are:

- Hotel operator/developers have expressed a keen interest in the building, wider site and general location

- Ancillary requirements of a hotel could play a major role in meeting community requirements
- PRS specialists thought this was an attractive location
- Ancillary requirements of PRS could play a major role in meeting community requirements
- HTH would be unlikely to be suitable for mainstream office space
- The town hall building is very big and therefore has a lot of space to maintain and find uses that can support on-going maintenance costs.

### **Stakeholder Engagement and Public Exhibition**

- 5.11 In February and March 2015 the council held two stakeholder workshops to update representatives from key groups who have expressed a keen interest in the future of the town hall. The workshops were well attended by approximately 30 different stakeholders who were provided with an update on the recent progress and the next steps for the project and given an opportunity to ask questions regarding the project. Following these workshops the council invited the public to attend an exhibition and public meeting which shared the same information on the status of the project and next steps that had already been shared with key stakeholders. All of the engagement sessions were very well attended with over 300 visitors at the exhibition/public meeting.
- 5.12 The council has a dedicated Hornsey Town Hall area on the wider council website ([www.haringey.gov.uk/hth](http://www.haringey.gov.uk/hth)) and this is being updated regularly with information on the project as well as project progress. This webpage holds key information that can be shared with all stakeholders and is the main method of communicating with the public.
- 5.13 The Council has a communications lead for the project who has formed a communications plan for the project. This plan is being regularly updated as the project progresses to ensure all opportunities to keep the local community informed are utilised.

### **Community use**

- 5.14 GVA also undertook to consolidate the discussion on community use / access with HTHCT and Steering Group members.

### The Approach

- 5.11.1 It was agreed that a two tier approach would be used to measure the community use / access aspect of the scheme that is brought forward on the site via the procurement exercise, as follows:
1. Minimum Requirements – hurdle requirement for PQQ (pre-qualification questionnaire) as part of the tender

2. Broader community offer and added value –scored at second stage of tender submission

#### Minimum Requirements

5.11.2 All parties bidding for the scheme will be required to meet a minimum level of community use / access based on criteria laid down in the procurement documentation. If these minimum criteria are not met then any bidder will not progress to have their bid scored at the second stage.

5.11.3 The discussion at the Steering Group was to define these criteria clearly and as broadly as possible in order not to limit the market appeal of the proposition but to clearly delineate these minimum requirements. The high importance of community use / access will then be scored at the next stage as the greatest single criteria in terms of weighting.

5.15 The following wording has been agreed by the Steering Group to define the minimum level of community access/use:

- Improvements should be made to the Town Hall Square and open public access and use secured; and
- An open front door policy should be adopted to ensure public interaction with the building.

5.16 In order to provide a view from the community and to understand more clearly what the community consider to be the most important requirements for the future community use and access to the building, HTHCT have undertaken additional consultation exercises, including two stakeholder workshops, provided a questionnaire to interested stakeholders and held a public workshop.

5.17 The output of HTHCT's consultation will feed into the briefing for bidders to provide some guidance on how the community want to use and access the building. The second stage of tender submissions will then assess bidder's proposals for community access/use in the context of this feedback. A summary report of the consultation produced by HTHCT is available at Appendix B.

#### **Procurement Strategy**

5.18 Using the information obtained from GVA's work, a procurement and delivery strategy has been defined to secure a sustainable future for the Town Hall. This strategy retains the requirement for community use as one of the council's most important objectives and this narrows the potential approaches to procurement to a preferred option of an OJEU Competitive Procedure With Negotiation (CN). A CN route will allow sufficient flexibility to ensure an appropriate partner is secured on the optimum terms as it allows the Private



Sector Partner (PSP) to develop their proposals for the overall solution which can then be negotiated before a Development Agreement is finalised.

- 5.19 The Development Agreement will be drafted with reference to the delivery parameters set out above and is likely to be an Agreement for Lease (or similar) which sets out a series of conditions which each partner (i.e. Council and PSP) has to meet in order for development to be progressed (e.g. the lease to be granted). The council has the option of enforcing community use obligations by way of a separate agreement, which can be enforced against future successors in title through various means.
- 5.20 It has been agreed that an OJEU Competitive Dialogue procedure would not be appropriate as it is likely to discourage bids from the market as the dialogue stage is likely to have longer timescales associated with it and is often at high costs to bidders. The Steering Group is satisfied that an appropriate developer and operator can be secured using the CN route.
- 5.21 The OJEU process itself may be two or more stages and bidders marked against set evaluation criteria clearly stated in briefing and marketing literature. The proposed tender evaluation criteria is set out in the exempt Part B of this report.
- 5.22 It is intended that an evaluation panel will be reviewing, marking and evaluating the tenders received. The panel will comprise senior Council Officers and the community use section will include HTHCT as one of the scoring parties. The exact representation is still to be agreed, particularly in relation to scoring the community use proposals.

### **Timescales**

- 5.23 The key milestones for the project are based on the proposed OJEU process and include the main opportunities for communications and engagement during this procurement process. Following the procurement we intend to return to Cabinet by July 2016 with a recommendation for a preferred bidder.
- 5.24 The key milestones are as follows:

<b>MILESTONE</b>	<b>TIMESCALE</b>
Prepare tender documentation	June 15 – August 15
Cabinet approval for procurement strategy	16 June 2015
Website comms - cabinet decision and next steps	end June 2015
Issue OJEU notice/publish on Contracts Finder	September 15
PQQ response	October 15
Invite Initial Tenders to Negotiate	November 15
Possible Negotiation	November 15 – April 16
Invite Final Tenders	April 16
Website comms – date for invitation of	April 16

final tenders	
Select Preferred Bidder	June 16
SLT approval for preferred bidder	June 16
CAB approval for preferred bidder	July 16
Cabinet approval for preferred bidder	September 16
Exchange	October 16

5.25 Heads of terms can be agreed during procurement and reporting timeframes, however the final contract may be subject to conditions such as obtaining planning permission, therefore completion of the deal could be into the 2017/18 financial year.

### Costs/ Budget

5.26 Remedial works to the assembly hall roof are currently underway therefore these costs have been included in the budget. There have been some essential remedial works identified for the Broadway Annex east wing which include making the building watertight and therefore an additional £220k has been forecast in the budget for these works.

5.27 The following budget forecast has been prepared to set out the likely costs for the project, although this is a projection only at this stage and subject to change. The budget allowance has been broken down across financial years and indicates a capital budget requirement of £1.48m (including the costs of the remedial works described above) to take the site to market and secure a preferred bidder:

Item	Budget Allowance	2015/2016 Expected Spend	2016/2017 Expected Spend	2017/2018 Expected Spend
<b>Essential Works</b>	<b>301,830</b>	<b>281,830</b>	<b>20,000</b>	<b>0</b>
<b>Surveys</b>	<b>101,180</b>	<b>101,180</b>	<b>0</b>	<b>0</b>
<b>Professional Fees</b>	<b>174,842</b>	<b>132,342</b>	<b>42,500</b>	<b>0</b>
<b>Internal Costs inc Legal and PM</b>	<b>311,935</b>	<b>210,000</b>	<b>71,935</b>	<b>30,000</b>
<b>Disbursements inc Security and Storage</b>	<b>444,700</b>	<b>179,700</b>	<b>150,000</b>	<b>115,000</b>
<b>Contingency</b>	<b>133,449</b>	<b>60,000</b>	<b>50,000</b>	<b>23,449</b>
<b>Total</b>	<b>1,467,936</b>	<b>965,052</b>	<b>334,435</b>	<b>168,449</b>

## 6. Comments of the Chief Finance Officer and financial implications

6.1 Hornsey Town Hall is a valuable surplus asset which is capable of generating a significant capital receipt for the Council, and/or a potential future rental stream, depending on the redevelopment option selected. However at present the holding, security and depreciation costs are a drain on Council resources and it is important to secure a sustainable long term solution which removes this liability and generates future benefits for the community.

6.2 The Council has expended considerable effort and cost in attempting to achieve a sustainable solution for this asset. These costs are not relevant as

a factor in determining the best future option, however the Council should seek to avoid incurring further costs by progressing the recommended procurement strategy without further delay.

- 6.3 The approved 15/16 capital programme includes a budget of £300k for initial work on progressing this project. The report sets out the estimated costs of undertaking the procurement through to completion, including the costs of works to repairs necessary to protect the asset from further deterioration. The total capital budget required is £1.48m. The total additional capital budget that is required is therefore £1.18m. It is likely that this additional capital requirement will need to be financed from additional borrowing, at an estimated revenue cost of £75k per annum.
- 6.4 The existing approved capital programme already includes an estimate of capital receipt expected to be achieved from the sale of this site. The receipt is factored into the financing assumed to be available for the total forecast capital programme in 17/18. Should this level of receipt not be achieved, then reductions to the future programme may need to be made. If the level of receipt is exceeded, then additional resources will be available to support future new capital investment.

## **7. Comments of the Assistant Director of Corporate Governance and legal implications**

- 7.1 The HTH Site has been appropriated for planning purposes and in order to dispose the Council must satisfy the requirements of section 233 of the Town and Country Planning Act 1990. If the site includes any open space the Council must advertise its intention to dispose for two consecutive weeks in a newspaper circulating in the area and consider any objections to the proposed disposal.
- 7.2 The Council must secure the best use of that land; or secure the construction of any building, which is necessary for the proper planning of the area; and obtain best consideration. Best consideration means obtaining the highest amount of money that can be obtained on the open market.
- 7.3 If the recommendations in 3.1.3 and 3.1.3 are approved it will be necessary to comply with the PCR 2015 and the Council's Contract Standing Orders. Legal Advice should be taken as appropriate.

## **8. Equalities and Community Cohesion Comments**

- 8.1 Although current use of the town hall building is low, there are at present a number of creative groups that operate from the site on an interim basis. These groups do not contract directly with the Council and are aware that their use of the building is on an interim basis. Existing users of the building are being kept informed as part of the consultation process associated with this decision and where possible will be advised of options for alternative future accommodation.

8.2 Securing future community use of the building is a key objective within the tendering process and successful bidders will need to demonstrate how their proposed use of the building will meet this objective. As such the long-term strategy for this site should contribute to improved community cohesion and access for local communities.

8.3 Information to be made available during the tendering process will include a report from the Hornsey Town Hall Creative Trust reflecting input from the community on what they would like to see as part of the community use of the building. The Trust will also form part of the evaluation panel. The Trust has arranged stakeholder workshops to better understand what communities would want from the community use part of the scheme. To ensure that this process is as representative as possible of local communities, including those with the protected characteristics, the Trust may wish to engage with a range of community groups to promote the workshops.

## **9. Head of Procurement Comments**

9.1 The Construction Procurement Group have been consulted regarding the need to obtain a consultant partner to lead and work with the Construction Procurement Group regarding the procurement process to secure a developer for the Hornsey Town Hall site and operator for Hornsey Town Hall as referenced in paragraph 5.17 to 5.23 above and the evaluation criteria as stated in part B of this report.

9.2 Further discussion will be required with the selected consultant partner regarding the content of the tendered documents in relation to sustainability including the employment of apprentices and supply chain.

## **10. Policy Implication**

10.1 The regeneration of the Hornsey Town Hall complex site is set within the context of the Council's Corporate Plan 2015-2018: Building A Stronger Haringey Together. Any proposals that come forward for the redevelopment and future use of the Hornsey Town Hall site will be assessed in the context of the Corporate Plan to ensure such proposals address the council's priorities.

10.2 The Hornsey Town Hall project has the potential to play a key role in the council delivering its Corporate Plan priorities, particularly priority 4 (Drive growth and employment) and priority 5 (Create homes and communities).

10.3 In relation to priority 4, the project can drive growth and employment through any end use of the building with the potential to create jobs both through the redevelopment of the site but also via any long term commercial use for the building.

10.4 In relation to priority 5, the existing planning consent includes provision for new residential development on the site which will create new desirable homes and via preservation of the heritage and by providing a long-term sustainable operation of the building this will ensure the proposals support the local area and community.

10.5 The wider strategic context of Hornsey Town Hall being listed on English Heritage's Buildings at Risk register also highlights a broader strategic context and driver for the project.

## **11. Reasons for Decision**

11.1 The Cabinet decision in April 2011 declared the site surplus to the council's requirements and agreed the principle for the Listed building to be disposed on a long leasehold basis of 125 years term.

11.2 The Listed building is on English Heritage's Buildings At Risk Register therefore a solution is required to undertake restoration work to the building and the council does not have funding available to undertake these works itself. Any capital receipt from the residential development of the site is not expected to cover the full refurbishment works, fit out and also secure a partner/operator to ensure the building remains open and in use.

11.3 To ensure the building remains open and in use in the long term a partner with a long term sustainable business plan needs to be secured.

11.4 The work undertaken to date has identified that one developer for the HTH site and operator for the Hornsey Town Hall is a preferred approach as it secures both the restoration works and a long term operator for the building and is likely to bring the building back into use at the earliest opportunity. Professional advisors and the council's Legal & Procurement team have advised that an OJEU Competitive Procedure With Negotiation is the best way to achieve this outcome.

11.5 A timely decision on the future approach to the Hornsey Town Hall project is required to avoid further deterioration to the listed building, maximise the potential of the buoyant market to attract potential developers, remove the ongoing liability of the building to the Council at the earliest opportunity and address the longstanding frustrations of the local community at the timeframe in securing a sustainable future for the Town Hall.

## **12. Use of Appendices**

Appendix A- Site plan indicating Cabinet April 2011 decision

Appendix B – HTHCT Report on Consultation

## **13. Local Government (Access to Information) Act 1985**

Appendix C - Part B: Exempt report