

Item No. 18.	Classification: Open	Date: 13 December 2011	Meeting Name: Cabinet
Report title:		Disposal of long lease of Southwark Town Hall, 31 Peckham Road, SE5 8UB	
Ward(s) or groups affected:		Brunswick Park	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY

This report recommends the transfer of the Southwark town hall building at 31 Peckham Road for use by the Camberwell College of Art, part of the University of Arts London, via a long lease arrangement with their development partner Alumno.

The decision taken by former executive in 2007 to dispose of most of the council's buildings around the town hall, including those connected to it, has resulted in the town hall no longer offering value for money in its operation. For that reason, cabinet agreed in November last year to seek the disposal of this building on a long lease basis.

The Camberwell College of Art proposal brings with it the opportunity not only to release the receipt on this asset but to also to bring with it a role that will help reinvigorate Camberwell. The increased footfall created through its use as accommodation will bring more spending power to the local economy.

The report also gives an update on the progress towards new council offices at Queen's Road, Peckham and arrangements being explored at our Tooley Street office to potentially hold council assembly meetings, and other functions that made use of the town hall chamber, there.

RECOMMENDATIONS

That Cabinet

1. Approves that the Town Hall, 31 Peckham Road SE5 8UB (“the Property”), together with ancillary areas as shown hatched black on the attached plan, be transferred for use by the University of Arts London (“the University”) by way of a long lease subject to planning consent to its development partner Alumno on terms set out in the closed agenda report.
2. Notes the ongoing implementation of the recommendations of the democracy commission as set out from paragraph 20 and approves that further development work is undertaken to bring forward firm proposals for any necessary works required to make 160 Tooley Street suitable for hosting occasional meetings of council assembly along with other civic events.

BACKGROUND INFORMATION

3. The Office Accommodation Strategy agreed in 2007 by the former executive set in motion the disposal of buildings surrounding the Town Hall. South House, East House, Central House, West House and 29 Peckham Road were all marketed and sold together with the parking area in front of Central House and West House that was used by the complex of properties.
4. 29 Peckham Road was acquired by ThamesReach for conversion to an employment training centre. This achieved planning consent and is currently in the process of conversion with completion expected mid-2012.
5. South House, East House, West House and Central House were acquired by Alumno in partnership with a construction company for conversion to student accommodation to be occupied by Camberwell College, part of University of Arts London. This proposal also achieved planning permission and building work is expected to be completed in time for opening in September 2012.
6. In November 2010, cabinet adopted a revised accommodation strategy based on an agreed set of programme principles which sought to guide decision making on accommodation issues. The principles recognised that in order to continue to deliver essential services and investment in an environment of challenging revenue reductions and severe capital constraints, the costs of maintaining ageing buildings has to be reduced and the capital available for upgrading buildings will be severely limited. In addition, the principles acknowledged that a new accommodation model was needed to support service improvement in an uncertain and fast changing environment. Importantly, these principles were designed to be consistent with, and complementary to, the office accommodation strategy agreed in May 2007 by the former executive, of which the development of the facilities at 160 Tooley Street had represented the first phase.
7. In summary the principles were that the council should:
 - Maximise the use of 160 Tooley Street
 - Provide working environments that are fit for purpose
 - Ensure that council facilities are welcoming and usable for staff and visitors conforming to high standards of disabled access and customer service
 - Release strategic sites for regeneration schemes and other developments
 - Ensure that council presence is felt across all areas of the borough
 - Reduce to a minimum the total number of administrative office sites to:
 - minimise expenditure on facilities management
 - generate savings through cost effective ways of working
 - minimise future investment costs to bring ageing properties into compliance with accessibility and sustainability
 - maximise capital receipts for reinvestment in council priorities
 - minimise the financial, reputational and human resources risks of operating from old and un-refurbished property
 - maximise the council's opportunity to improve environmental sustainability
 - Ensure flexibility for future needs and service developments, including shared services

8. This approach was applied to the future use of the town hall and the functions that remained within it. While noting that a civic presence and strong civic identity are important, the report recognised that the council's three old town hall buildings, including the property on Peckham Road, had limited capacity to deliver a fit for purpose facility for Southwark residents. A particular shortcoming was public access to the democratic process which was acknowledged as poor. The council's democracy commission had advised that the functionality of the existing council chamber was a major concern. This was because of poor access and facilities for people with disabilities as well as limited opportunities for public participation in the democratic process.
9. The report noted that the most significant remaining function at Peckham Road was council assembly, held on seven evenings a year. It further noted that the council's democracy commission had recently recommended that the council adopt a new approach to holding council assembly, encouraging increased public participation through procedural changes and a programme of holding the meeting in a range of alternating community venues across the borough.
10. The November 2010 report noted that an opportunity existed to grant a long lease of the Property to a public sector partner (the University) and recommended that this was pursued as the preferred option. The expectation was that this would reduce revenue costs and save a significant capital spend which was estimated at £9m, through applying a long term approach to avoid ongoing further essential expenditure to deal with mechanical and electrical, structural and access works, and to provide a functional and accessible building. Even after this level of expenditure, the building was still not expected to meet service requirements for flexible shared accommodation. It was recommended that the Property be openly marketed should a deal with the University not be possible.
11. The preferred option at that stage was to seek to retain access to the council chamber along with access to ancillary spaces, subject to resolving the significant constraints that were identified in the report. It was felt that there was potential to retain public access to a chamber that could be refurbished for joint use.
12. This report outlines the negotiations with the University and makes a recommendation for the disposal of a long lease of the Property. It also addresses the potential future for council assembly and the implications of moving the remaining IT and communications infrastructure from Peckham Road.
13. This report does not propose any disposal of the property to the rear of Southwark Town Hall, known as Havil Hall, used by Theatre Peckham and held by them on a separate lease.
14. If the recommendations in this report are approved, the council will remain in ownership and control of the Property until at least the end of the municipal year 2011/12 and the chamber and ancillary facilities will be available for use for council assembly if required during this time.

KEY ISSUES FOR CONSIDERATION

15. The November 2010 revised office accommodation strategy report agreed to move the remaining civic and democratic functions away from Peckham Road. 160 Tooley Street was recognised as the council's primary headquarters and adopted as the official principal office. During the past year, facilities have been provided at 160 Tooley St for the mayoral suite, additional accommodation for political groups and the relocation of the post room and members' drop. From September 2011 council and committee meetings not held in community venues have been re-located from Southwark Town Hall to 160 Tooley Street, improving accessibility and efficiency, and other community and civic activities have transferred to alternative venues. From 1 October 2011, Southwark Town Hall has been closed and only available for holding council assembly.

Negotiations with the University

16. The University wish to expand their presence in Camberwell further and build on their acquisition of the former council administrative buildings adjacent and opposite to Southwark Town Hall. They would like to convert the Property to additional student accommodation, incorporating an element of meeting, gallery, administrative and/or studio space in the larger rooms. Additional student accommodation would be managed directly on behalf of the University and would not be a speculative development.
17. Along with the South London Gallery, the Camberwell College of Arts has been a major local presence under various guises since the late 19th century. This development will expand further the campus and support increased higher education activity in the area. The expansion has the potential to have significant benefits for the locality and in particular Camberwell and Peckham local centres, including:
 - Increased economic activity
 - Reduced pressure on privately-rented housing
 - Further opportunities for community space
 - More cultural activity
18. A conversion combining student accommodation and a retained council chamber with the council taking additional sessional space for the ancillary requirements was put to the University and carefully considered. The University is happy with the principle of civic and/or community use of meeting, office, gallery or library space in any conversion of the Property. However, retention of the chamber itself is highly problematic for a number of reasons;
 - The University is concerned that our use of the chamber would be compromised by the rest of the building being an active student base;
 - The Property would be severely encumbered by building work for around two years during the conversion and this would make the chamber unusable during this time
 - The University feels retention of the chamber for council assembly would be complicated and difficult to manage and potentially hinder their efficient use of the building

- The University has considered whether it could usefully occupy the chamber when not in use by the council but considers the current size and layout both unsuitable
19. For the council, retaining sole use of the chamber within a shared building as opposed to occasional casual use of a space operated by another organisation would present a number of significant risks and issues:
- Services and technical facilities are outdated and would not be improved through this approach
 - Sustainability would not be improved
 - Equally, access for people with disabilities would not be improved
 - The public and press gallery arrangements would remain unsatisfactory;
 - The capital costs of retention would be high through the reduction in the disposal price
 - Further capital costs would attach to any separation works and would further reduce the net capital receipt
 - Revenue costs would attach to any retained space
 - The council would be left with a very large space with limited opportunity for use resulting in an inefficient use of space
 - Access to ancillary facilities would need to be agreed

Council assembly and the council chamber

20. At the time of the November 2010 revised office accommodation strategy report, options for council assembly had been identified through the democracy commission but not tested.
21. As noted above, the democracy commission recommend that council assembly be held in venues throughout the borough. In January 2010, the cabinet agreed the democracy commission Implementation Plan. This plan assessed venues for capacity, layout, transport and location, access requirements, facilities and cost.
22. The existing town hall chamber was assessed through that process alongside alternative venues. It scored low against capacity (particularly against the public gallery requirement as it only has capacity for 50 members of the public) and access requirements (there is no mobility access to the public gallery). The implementation report went on to note that if access to the town hall chamber were retained in sole council use, the facility would need significant refurbishment to bring it to the required access standards and agreed ambitions of the council for better public engagement, undermining the cost effectiveness of this approach.
23. The three meetings of council assembly held from July 2011 have taken place in venues across the borough. These have proved that it is possible to conduct Assembly satisfactorily elsewhere with significantly increased public attendance and participation, subject to meeting technical challenges.
24. The council intends to continue implementing and improving on this approach.

Conclusions

25. The combined conclusions of the negotiations with the University and the revision of the viability of, and need for, the existing chamber, are that:

- Letting a long lease to the University for the whole building is likely to result in a best value outcome and an end-user that will have a positive impact in the local community

But that:

- It has not been possible (and because of the issues identified in paragraph 19 would not be desirable) to come to an arrangement whereby the council retains access to the council chamber without substantially reducing the capital receipt, building in high long-term running costs, and seriously compromising the operations of both organisations

Developing the facility to hold council assembly at 160 Tooley Street

26. Recognising the importance of maintaining a central focus for civic identity and presence, officers have investigated the potential of hosting council assembly in the large public areas of 160 Tooley Street as one of the several venues across the borough. As well as the move of committee meetings to Tooley Street's conference suite, the public spaces have been successfully used to host a range of events over and above those incorporated into the initial specification of the building. With the use of flexible furniture and technology, this option could present an extremely efficient use of space and a high quality environment for public engagement.
27. A number of options have been identified and some investment would be required, particularly to ensure appropriate acoustics, lighting and environmental conditions. Operational changes would also be required to ensure security and to minimise disruption to normal business activity. Any investment would improve the usability of public areas for other community and civic events.
28. These proposals will be the subject of a further report to cabinet recommending a preferred option and identifying capital and revenue costs. The indicative study suggests that all of the Tooley Street options are substantially cheaper in revenue terms than retaining the chamber at Peckham Road.

Enhanced local presence and community facilities

29. Through the revised office accommodation strategy, the council agreed to develop a significant presence in the centre of the borough and identified the need for further flexible office space. A 20 year lease has now been acquired on a previously unoccupied new-build office building at Queen's Road, Peckham. The fit-out project is now in progress and the new facility is expected to open in autumn 2012 and will include a medium sized meeting facility and a customer facility. The development will provide accommodation for approximately 350 locally based staff.
30. In addition, the Strategy incorporated funding for a new library for Camberwell incorporating customer access and a small meeting facility. This project has been extensively consulted on locally and plans are expected to be brought forward early in the new year. Other local presence in Camberwell and Peckham is retained in a range of operational and customer access sites including Cator Street.

31. As noted above, within the conversion of the town hall, the University has indicated that on initial plans they anticipate up to 100 square metres of space being available for use as gallery, office, meeting and/or library space. While the University would have first call on this accommodation it would like to encourage interaction with the community including through sessional public use of these spaces.
32. This will compliment the facility being made available in the Thames Reach conversion project at 29 Peckham Road where community access is planned within this Grade II listed building that was originally built for the Camberwell Board of Guardians and has a history of civic use.

Other issues

33. It is possible to extend the developable area by incorporating the area to the rear of the town hall currently occupied by an IT infrastructure facility. The town hall has previously been configured as a network hub for IT and telecommunications, serving satellite offices around the borough. Some of these satellite offices have now been disposed of, or are in the process of disposal. Some of the technology is now outdated and an opportunity exists to modernise the system. Re-letting and re-design of the council's wide area network is currently in progress and these workstreams will mean that this facility becomes redundant.
34. It will be necessary to grant rights to use the amenity and recreation space in Sceaux Gardens for occupiers of the property. This has been dealt with by way of a user agreement for the other buildings that have been sold for University use, allowing suitable controls through the University and reflecting the shared use with residents in the Sceaux Estate. A contribution towards maintenance will be payable.
35. A number of plaques and memorials relating to the borough's civic history are installed at Southwark town hall. Two plaques listing past mayors of Southwark have already been relocated to the mayor's suite at Tooley Street and a plan is in hand to relocate the display of mayoral insignia from outside the council chamber to Tooley Street. Other memorials will be in the main relocated and displayed at Tooley Street. Items of art belonging to the Southwark Collection will be returned to the collection and will be available for display as required.

Policy implications

36. The disposal of a long lease on the Property is in line with the strategy of modernising council working practices by reducing the number of offices across the borough. Bringing together staff and rationalising offices has delivered a culture change in the quality and consistency of customer service. Disposal of surplus offices enables savings in property repairs and maintenance as well as occupation and facilities management costs at decommissioned sites.
37. The proposal will help to meet the council's commitment to carbon reduction through replacement of outdated energy-hungry accommodation with modern office space.
38. Feedback from the democracy commission consultation was that members of the public were concerned in particular with the current layout of the current council chamber in terms of its suitability for public access and engagement and in particular access for people with disabilities.

Community impact statement

39. The community aspects of changing arrangements for council assembly have been addressed within the equalities and human rights impact assessment of the democracy commission implementation report, agreed by cabinet on 25 January 2011. This assessment is applicable for adding 160 Tooley St to the list of venues where council assembly can be hosted. Feedback from consultation through the democracy commission was that the layout and physical restrictions of the current council chamber had the potential to create a barrier to access for some groups.
40. The community impact of proposals to rationalise administrative offices has been addressed in the office accommodation strategy report to cabinet on 23 November 2010 which dealt with the principle of disposal. This report considered the impact on staff of non-fit for purpose offices and the potential barriers in place related to accessibility. It also considered the potential positive benefits available to specific groups of staff available through modern and flexible ways of working.
41. The office accommodation strategy concluded that there would be a positive impact in local areas, particularly areas of deprivation, when under used properties are able to be opened up to full use whether commercial, residential or public. The strategy also noted that many of the council's former properties such as 9 Larcom St, 15 Spa Road and 29 Peckham Road have been disposed to public and community sector organisations with a clear social benefit.
42. If the recommendations in this report are agreed, Southwark town hall will be redeveloped and fully occupied creating additional local economic activity and enhancing the areas reputation as a creative arts hub. In addition, an additional community facility will be available within the development.

Resource implications

43. This proposal will generate a significant capital receipt to be allocated to council priorities. These include capital investment in the Camberwell area including development of the new library at Camberwell Green. This is in line with the expectations set out in the revised office accommodation strategy that are incorporated into the capital programme.
44. The disposal of the Property will release revenue currently put towards its maintenance and security. The 2011/12 budget attaching to the Property is £627,000. This includes some security services provided to other buildings which will be relocated. It is estimated that not less than £420,000 per year would be required to keep the town hall open as a stand-alone facility, not including the cost of any refurbishment or improvement works that were recommended previously as described in Paragraph 10. Revenue costs around £67,000 per year would be needed to maintain the chamber and ancillary facilities alone.
45. The costs of removing IT and communications equipment from Peckham Road will be funded through the decommissioning allowance within the Office Accommodation capital allocation and IT capital allocation associated with developing the new network model.

Consultation

46. Consultation has taken place as part of earlier authorities, particularly related to the recommendations of the democracy commission.
47. The changes recommended by the commission on the running of council assembly reflected a broad community consultation process examining the state of democracy in Southwark and barriers and enablers to community participation. They were specifically designed to promote inclusion, community empowerment and greater accountability of elected representatives to local people.
48. Details of the consultation responses are available in the report to council assembly on 20 October 2010 entitled: *Report on Stage 1 of the democracy commission*.
49. Change of use or development of the site will require planning consent and consultation necessary for those processes will take place at the time.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

50. Section 123 of the Local Government Act 1972 states that except with the consent of the Secretary of State, a council shall not dispose of land under that section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.
51. Paragraph 9 of the closed report indicates that the consideration to be paid for a long lease of the Property is the best that can reasonably be obtained and therefore the council has met its statutory obligation under Section 123 of the Local Government Act 1972.

Finance Director

52. This report recommends that cabinet approves the transfer of the Town Hall, 31 Peckham Road SE5 8UB and its ancillary facilities to Alumno for use by the University of Arts London by way of a long lease. The disposal will yield a receipt for the capital programme.
53. The finance director notes the revenue costs required to maintain the building, and specifically the chamber, if the disposal were not to proceed, as detailed in paragraph 44. The finance director also notes that additional capital investment would be required if the chamber were retained, as explained in paragraph 22.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Report of Stage 1 of the Democracy commission, Council assembly, 20 October 2010	http://moderngov.southwarbsites.com/mgConvert2PDF.aspx?ID=13534	Stephen Douglas Head of Community Engagement 020 7525 0886
Revised Office Accommodation Strategy, Cabinet report, 23 November 2010	http://moderngov.southwarbsites.com/ieListDocuments.aspx?CId=302&MId=3334&Ver=4	Robin Rogers Head of the Corporate Programmes Unit 020 7525 5719
Democracy commission – Implementation Cabinet report, 25 January 2011	http://moderngov.southwarbsites.com/ieListDocuments.aspx?CId=302&MId=3337&Ver=4	Tim Murtagh 020 7525 7187

APPENDICES

No.	Title
Appendix 1	Plan

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Cabinet Member for Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Report Author	Christopher Rhodes, Principal Surveyor	
Version	Final	
Dated	2 December 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Corporate Programmes	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		2 December 2011