

Item No. 15.	Classification: Open	Date: 12 March 2019	Meeting Name: Cabinet
Report title:		Walworth Town Hall Investment Proposal	
Ward affected:		North Walworth and Newington	
Cabinet Member:		Councillor Johnson Situ, Growth Development and Planning	

FOREWORD – COUNCILLOR JOHNSON SITU, CABINET MEMBER FOR GROWTH DEVELOPMENT AND PLANNING

Following the devastating fire at the Walworth town hall in the spring of 2013, the council committed to bringing this much loved building back in to use. An extensive programme of remedial works and surveys was completed in September 2015. The council initially investigated delivering a range of uses and Cabinet approved a high level vision for the Walworth Town Hall supported by the community. After full investigations the initial council lead aspirations for a refurbished Walworth Town Hall (WTH) proved financially unsustainable in both capital and revenue terms.

In line with our vision that the Walworth Town Hall remains a publically accessible arts and cultural space, in December 2017 we invited expressions of interest and following a shortlisting process and consultation on two proposals, the council has selected General Projects to lead the transformation of the town hall. The General Projects proposal looks to restore the building, with a range of uses including, a music studio, creative workspace, a dedicated community and cultural space and an art hub. The proposal also maintains public access to these well loved buildings and provides enhanced entrance on to Walworth Square.

We remain committed to ensuring the final proposals for the building are in line with the vision set by the council working with the local community and welcome General Project's commitment to continue to work with the community over the coming months to enhance their proposals. Part of the proposal put forward by General Projects is a dedicated community and cultural space and this report has committed to working with the community to develop a management structure for the space. To ensure this is the highest quality space the report also details a £2million grant specifically for the dedicated community, cultural and art space.

The recommendation in this report is in line with the council's strong commitment to ensuring Walworth remains a vibrant, diverse neighbourhood with a successful local economy that builds on its heritage and distinctive character. The recent announcement of the New Walworth Library and Southwark Heritage centre is the latest step by the council to achieve this objective and other steps include designation of conservation areas to protect and enhance the local heritage, awarding of high street challenge funds to strengthen the local economy on Walworth Road and East Street market. Our expectation is that over the coming months General Projects will continue to work with the community to develop plans which not only serve the local community but also becomes a destination for people across Southwark.

RECOMMENDATIONS

1. That General Projects are approved as the preferred bidder for the Walworth Town Hall complex investment project.
2. That the council enters into an Agreement for Lease with General Projects to facilitate the preparation of planning and listed building applications for the scheme based on the concept set out in paragraph 32 and subsequently to carry out the approved works.
3. That the director of regeneration (in consultation with the cabinet member for growth development and planning) will be asked to confirm that the proposals satisfy the requirements of the paragraph 32 before the planning and listed building applications are submitted to the Local Planning Authority for determination.
4. That following satisfactory completion of the scheme in accordance with the Agreement for Lease a new lease is to be granted in accordance with the principal terms set out in paragraph 8 of the closed version of this report and substantially in paragraph 47 of this report and authority be given to the Director of Regeneration to approve detailed terms.
5. That a grant of £2million be made to the preferred bidder on terms to be agreed in the agreement to lease. The principal purpose of these funds is to support the restoration of the designated community, arts and culture space.
6. That officers prepare a further report for cabinet on the dedicated community/arts/culture space in the ground floor of the former Newington Library which will address:
 - a. a vision for the community, arts and culture space which meets the needs of the diverse Southwark population to be developed in consultation with stakeholders, community and General Projects
 - b. options for an operational model which can deliver on the council's commitment for community involvement in the management of the space.
7. That Cabinet note the community, arts and culture provision within the Walworth Town Hall and new Walworth Library and Southwark Heritage centre combine to deliver 939m² of publically accessible space which exceeds the pre-fire figure of 650m² (these figures are based on current available information). This equates to a 44% increase of publically accessible space.

BACKGROUND INFORMATION

8. Since 2010 council has made a strong commitment to developing Walworth as a vibrant, diverse neighbourhood with a successful local economy that builds on its heritage and distinctive character. In support of this objective the council has directed high street challenge funds to strengthen the local economy on Walworth Road and East Street market. It has designated conservation areas to protect and enhance the local heritage. In addition, it has invested in parks and

public realm to improve amenity and encourage walking and cycling.

9. Walworth Town Hall (WTH) is a Grade II listed municipal building of great significance for the Walworth neighbourhood and its history. The buildings have provided various services including the offices and chamber for the former Metropolitan Borough of Southwark. It had latterly been used as a library, museum, one stop office and administrative offices. In March 2013 it suffered a severe fire that caused significant damage to the building. The building has remained vacant since. It has been placed by English Heritage on its Buildings at Risk Register.
10. After full investigations the initial council lead aspirations for a refurbished WTH proved financially unsustainable in both capital and revenue terms. At this point the design had reached RIBA stage 2 with a cost estimate of £35m including design fees, risk and contingency. In June 2017 Cabinet approved a revised project mandate. The key aspiration from the brief was *s to identify Arts and Cultural uses falling within Class D1 [Non Residential Institution] and provide public access to the buildings, the social regeneration benefits of the proposed use and the extent to which the use will contribute to the development of the Elephant & Castle town centre.* Cabinet instructed officers to seek expressions of interest from the market for this opportunity.
11. Subsequent to the June 2017 decision the council has also resolved to deliver the services that were previously part of its plan for WTH in new ways. In particular cabinet agreed to take a lease of new premises for a new Walworth Library and Southwark Heritage Centre on Walworth Road at its meeting on 22 January 2019. This initiative will provide a heritage centre for all of Southwark showcasing the history of the borough and drawing people from all over Southwark and beyond to a great new resource. It will also re-provide the library services from the former Newington Library and include collections from the Town Hall into an integrated facility that allows for efficiencies in management and creates opportunities for maximising the visitor experience across ways of learning.
12. On 28 November 2018 Council Assembly approved the current Council Plan. This sets a number of commitments to our community including *A Vibrant Future*; one of the undertakings to meet this commitment is to *Secure the future of Walworth Town Hall and make it a publicly accessible cultural hub.*

KEY ISSUES FOR CONSIDERATION

13. All refurbishment work must respect and enhance the heritage listing and meet the requirements of Southwark conservation policies and Historic England. The council's project mandate adopted the principle that the future of this important building will rely on it being able to accommodate new uses to make it sustainable. However, it is important the buildings retain public accessibility, that the quality of restoration and repair works is appropriate for the listing and it's most significant spaces are saved for future generations.
14. Current ongoing expenditure for maintaining and monitoring the Town Hall runs to circa £30,000 per month. This expenditure includes 24/7 security which is a requirement of the council's insurer. In addition, the utilities throughout the building must be monitored and maintained to ensure the premises remain dry and ventilated thereby preventing any further deterioration to the fabric of the buildings.

Elephant and Castle Regeneration

15. The implementation of the Elephant Park development located to the immediate north of the town hall is well advanced. Trafalgar Place, One the Elephant, South Gardens, Wansey Street and Walworth Square are completed and sites on New Kent Road and Sayer Street are in construction. The interim Elephant Park open space and the council's new leisure centre are complete and form integral parts of the community. Planning consent has recently been granted for the redevelopment the shopping centre and London College of Communication sites which will reconfigure the town centre.
16. Together, these projects will deliver new homes shops, higher education and business space alongside new parks and public spaces. The growing population will also require access to new community facilities. Some of this need will be met by the developments summarised above and the council's new library and Southwark heritage centre on Walworth Road. The shopping centre application includes proposals for new cinemas, exhibition space and a live music venue that will be a major contributor to the ultimate community offer.
17. The town hall project also provides an opportunity for new and diverse uses within the regeneration area. The local economy is a good fit for small businesses and start ups and this typology is naturally developing along the Low Line and in new developments. The use of the town hall for employment, community, arts and culture has the potential to expand local opportunities and help to attract residents and visitors to Walworth Road. This will support existing businesses facing the pressures that all town centres are confronting with changes to peoples shopping habits. A mixed use scheme comprising workspace, and a community, arts and culture offer will maintain public access to the buildings.
18. There are a number of new uses opening in the vicinity of Walworth Square. These include Mercato Metropolitano, and other new retail occupiers on the northern side of the square, independent retailers occupying affordable retail space in Sayer Street, as well as the council's own library and Southwark heritage centre fronting onto Walworth Road. These positive changes can only be enhanced by an active and vibrant WTH which brings enterprise, employment and community together to complete Walworth Square.
19. The ongoing sustainability of the complex requires a complementary commercial offer within the building. Achieving a balance between the community offer and income generating uses is challenging and of paramount importance to the council. Expressions of Interest were received from residential and hotel providers that would have generated significantly more income to the council but these submissions were not considered appropriate for the building and would not have achieved the council's vision.

Marketing Process

20. In December 2017, the council presented the opportunity to market to bring WTH back into active use. It began with a direct mail seeking expressions of interest to an extensive list of 150 potentially interested parties, agents, organisations and local contacts concentrating on those with an arts and culture focus. The opportunity was subsequently advertised both nationally and

internationally in the Estates Gazette.

21. It is emphasised that the offer is a severely fire damaged building that will take a very large capital investment over a period of time to bring into beneficial use. The use of the buildings will be restricted to reflect the council's aspirations. The demand for such opportunities is very limited. The brief also excluded residential and hotel uses which inevitably further reduced potential interest in the project.
22. Through previous public consultation and work with the WTH community forum it was very clear that maintaining public access to the site is a key consideration, as is protecting the rich heritage of the property and these were strong drivers in the marketing brief.
23. A website devoted to the town hall www.walworthtownhall.com was established and provided significant background information to the project including a data room for registered applicants to access plans, reports, surveys and the stage 2 designs for the council's former development project. This information helped interested parties gain an accurate understanding of the building condition, heritage significance and opportunities for reuse.
24. The marketing process achieved a strong response and over 100 parties registered their interest on the website. The council conducted a series of site visits around the building complex and held an information day to engage potential applicants of the opportunity. At the conclusion of stage one, the council received 17 expressions of interest from applicants ranging from end users through to developers. It should be noted that despite extensive promotion there were only two offers received from an arts and cultural organisation for the premises and this required substantial grants from the council well in excess of the £4m that was potentially available. Additionally, neither applicant had the necessary development experience required for a project of the scale and complexity of WTH.
25. From the list of interested parties, the council shortlisted three applicants and invited them to bid in a second, more detailed, round. One of the key criteria to progress into the second stage was for the bidders to show strong financial viability and delivery experience alongside an arts and culture use, respecting and enhancing the buildings heritage and providing community accessibility.
26. In November 2018 the council received proposals from Castleforge Partners and General Projects illustrating two different approaches to rejuvenating the buildings. The evaluation process included community consultation, internal officer, statutory consultees and consultant assessment. Appendix A of the report sets out the evaluation of the two Invitation to Bid submissions in more detail.

Summary of proposals

Castleforge

27. Castleforge is a UK based property developer and investor established in 2010, funded by endowments, foundations and pension funds based in the UK, US and Europe. To date they have invested over £500 million in asset value throughout the UK. The two founders have full investment authority over the funds and execution of the investment strategy. The Lessee would be a newly

incorporated, wholly owned subsidiary of Castleforge Partners II L.P. (the Fund) and advised by Castleforge Partners Limited (Castleforge). Castleforge have delivered a number of refurbished co-working spaces in Glasgow and Liverpool and are currently working on an investment project with Hackney Council for Haggerston Baths. Further details are provided in the closed version of this report.

28. Castleforge look to develop a key asset for local business and resident communities by offering private and shared workspaces based on a membership system alongside programmed workshops, education spaces, event, exhibition and wedding space, cultural and performance space and a restaurant.
29. In summary, it proposes:
 - A new atrium space at the heart of the building connecting all floors via two new lifts openly accessible to the public
 - To increase the floor area in the town hall complex by creating additional floors into the roof of the east wing and modifying the roof line and style
 - To retain use of the three existing access points on Walworth Road and Walworth Square
 - A new ground floor restaurant occupying the ground floor of the 1902 Town Hall Extension entered from the new Walworth Square.
 - Room for over 500 workspace desks potentially operated through their own serviced office company
 - Education/workshop/event spaces available for other organisations and community hire in evening and weekends
 - Multi-purpose conference/dining rooms and meeting rooms for hire/management
 - The Council Chamber reinstated as an event/performance venue
 - They expect 8-10 full time employees for the operation of the buildings, 15-30 employees from other businesses in the workplace and workspace for over 500 individuals.

General Projects

30. General Projects is an 'innovative, creative-led real estate developer'. Currently developing over £300m of projects across London, including the £23m refurbishment and repositioning of One Poultry, a Grade II* listed building, into the first 'creative' building in the heart of the City. The lessee would be a new limited company, jointly owned by General Projects RE Ltd (General Projects) and Loftus Family Property (LFP or Funding Partner). It is the intention of the Funding Partner to fund the restoration of Walworth Town Hall from existing equity resources. Further details are provided in the closed version of this report.

31. General Projects vision seeks to restore the building as employment space for creative industries, arts and a community hub. It will provide a mix of studio workspaces and co-working through a membership system, designed around a new arts and community hub and cafe. Public access is proposed through a designated 'Society' Room, meeting room and resident studio complemented by programmed events, workshops and private hire opportunities.
32. In summary, it proposes:
- A new entrance onto Walworth Square leading to a public coffee shop/bar with restaurant located on the corner of Walworth Road and the square
 - A new publically accessible central covered courtyard with circulation core. The space will be available for a rotating display of the Cuming Collection on loan and to be accessed for free.
 - An arts hub with workshops and lecture hall in the former Library lower ground
 - Recording and photographic studio, creative offices, maker studios and co-working spaces.
 - The council chamber and former reference library available for private hire and not for profit organisations in the evenings and weekends.
 - A community, arts and culture space operating for free on the ground floor of the former adults and children's library with a management plan for operation
 - The Art Academy support the General Projects scheme and are interested in the lease of the art hub space.
 - A need for approximately 20 full time building employees, and that around 370 people will be based on site once the building is fully occupied.

Evaluation conclusion

33. Both bidders and their proposals bring exciting ideas and provide evidence of their ability to access funding to deliver the project, develop their designs and execute their development approaches. Either completed proposal will enable WTH to be removed from the Heritage at Risk register and help stimulate activity and the economy of the Walworth Road bringing employment accommodation for 350+ persons along with programmed events and activities for the community to access.
34. As noted in Appendix A, both proposals are considered by Montague Evans the council's external property advisor for the project to be considered best consideration. As a consequence, the focus of the evaluation has been on the respective bidder's experience, their schemes planning merits and risks, their vision for the complex and the extent of their arts/culture/community offer.
35. It is assessed that General Projects bid is more closely aligned with the aspirations of council for the building and Walworth's local economy. General Projects focus on supporting the creative industries through a range of co-

working, maker and studio or workshop spaces complements existing institutions and provision locally while cultivating a unique and dynamic enterprise, employment and cultural hub on the Walworth Road. The support from and ongoing discussions with the Art Academy is encouraging and the proposal creates enterprise opportunities for both the local community and from further afield.

36. General Projects has proposed to meet the need for genuine community access by covenanting to provide a space solely for such a purpose in the former adults and children's libraries. There is also genuine public access into the central hub and atrium which links the buildings together and includes a café. The community offer extends to opportunities for programmed events and activities and public hire of spaces in evenings and weekends. Finally, the proposal looks to open onto the new Walworth Square providing a strong connection to the public realm with the potential to foster exchange between events and activities taking place in the square and other adjacent premises.
37. General Projects' offer includes approximately 380m² of unhindered publically accessible space, approximately 200m² of café and restaurant space accessible to the public with additional rooms throughout the buildings of semi accessible public space i.e. through programmed events and activities. Access is broadly defined as during normal business hours. This is comparable with the pre fire publically accessible library heritage display and programmed education space of approximately 650m².
38. In addition the council has also recently approved the leasing of ground floor space for a new 559m² library and Southwark heritage centre on the Walworth Road. This will help meet the need for local community library facilities and will promote Southwark's heritage through exhibition and education opportunities. The new library delivers an additional undertaking within the Council Plan.
39. Both proposals have been the subject of community consultation. The details of this process are set out in Appendix B. The overall conclusion from this exercise is that while there are concerns about both proposals a majority of respondents supported the approach outlined by General Projects. It is noted that at the time of the WTH consultation the leasing of a library and heritage facility on Walworth Road had not been secured. This new provision will allay some of the concerns expressed. A summary of the consultation results and feedback will be provided to consultation respondents.
40. It is acknowledged that both proposals were a response to an invitation to bid exercise. As a consequence bidders were working at risk and inevitably there is a limit to the resources that either party could commit at this point in the process. The proposals were at concept stage and significant work and resources will need to be committed to take them forward through planning and delivery.
41. Based on the assessment summarised above it is recommended that General Projects be designated the preferred bidder. The General Projects scheme meets the relevant council policies and provides a cultural hub as stated in the new Southwark Plan 2018. It contributes to improving life opportunities by creating employment opportunities and a pride in the local area by securing a community, arts and culture resource for events, activities and meetings with the ability to provide for a diverse community reflecting the Regeneration for all framework.

Next Steps

42. The selection of General Projects as preferred bidder for the project will provide them with commercial confidence to undertake the next steps to advance the project and secure the long term future of this important group of buildings. The council will continue to work closely with the preferred bidder in further developing their initial concept. The consultation responses also demonstrate the need for on going engagement with local arts organisations, stakeholders and the wider community to address concerns and give an opportunity to inform more detailed designs. Council will work with General Projects to agree a community engagement plan for this exercise which will continue through the pre application and formal planning process.
43. The period of time to develop the bid concept to a level of detail necessary for planning and listed building applications is likely to take between six to twelve months to complete. The preferred bidder will be required to undertake pre-application consultation with the council's planning department and Heritage England prior to submission. The director of regeneration (in consultation with the Cabinet member for GDP) will be asked to confirm that the proposals satisfy the requirements of the paragraph 32 before the planning and listed building applications are submitted to the Local Planning Authority for determination. In the event that planning applications have not been submitted in twelve months from signing the Agreement to Lease this will be reported to Cabinet.
44. In considering approval of submission of the intended planning application the Director of Regeneration will wish to be satisfied that it broadly complies with the concept described in paragraph 32 and spatial requirements noted in paragraph 37. General Projects have proposed to covenant with the council to make the Adults and Children's library of the former Newington Library space available at no cost for a programme of community, arts and cultural activities. This commitment is one of the strengths of the proposal and as a next step a management and operational plan will need to be developed to agree the most appropriate mechanism for ensuring the space is well used with a programme of curated events. Council will set minimum hours per week and weeks per year for the community, arts and culture space to be made available. Officers will bring a further report to Cabinet setting out proposals to ensure this is secured.
45. The preferred bidder will also be required to enter into an Agreement for Lease with the council. This document will establish a working framework for the period leading up to the grant of the lease for the building including conditions that have to be satisfied whereupon the preferred bidder will be granted a lease described in paragraph 47. The confirmation by the Director of Regeneration (in consultation with the Cabinet member for GDP) that the proposals satisfy the requirements of the paragraph 32 before the planning and listed building applications are submitted to the Local Planning Authority for determination will be one such condition. The execution of the building works in accordance with the approved plans will be also be a condition that needs to be satisfied before the lease is granted.
46. Once works have taken place in accordance with the approved plans, to the council's reasonable satisfaction, the council is obliged to grant the bidder a lease of the property. This is a standard mechanism used to ensure the carrying out of work to land or buildings ahead of the grant of a lease or sale. The agreement for lease will however have a fixed duration to ensure the works

are carried within a reasonable timescale. In the light of the nature of work and the building type, five years is the recommended maximum length of the agreement. If the contracted works have not been carried by then the agreement will expire and the preferred bidder will lose any rights to the property. For the avoidance of doubt, the preferred bidder will not be able to assign (transfer) the agreement for lease.

47. Assuming the preferred bidder carries out the works required in the agreement for lease it will be granted a lease on the following principal terms:

- i. A duration of 150 years
- ii. An annual rent set out in the closed version of this report
- iii. The lessee to keep the premises in good repair throughout the duration of the lease
- iv. The lessee to pay any taxes including business rates arising from the occupation of the property
- v. The property to be permitted to be used for the purposes of office [class B1 of the Use Classes Order], community use [class D1 of the Use Classes Order] and cafeteria [Class A3 of the Use Classes Order]. The extent of the uses will be identified in plans appended to the lease.
- vi. The lessee to be permitted to under-let parts of the premises but not the entire property
- vii. The lessee to be permitted to assign (transfer) the lease with the council's consent; such consent is not to be unreasonably withheld.
- viii. The lessee to insure the property against all usual building risks including fire
- ix. The lessee to be permitted to make non-structural alterations to the interior of the property provided listed building consent has been obtained with the council's consent
- x. The lessee to be permitted to make structural and external alterations to the property with the council's consent; such consent not to be unreasonably withheld provided other necessary statutory consents have been obtained
- xi. The lessee to provide a minimum of 240m² of community space (the Society Room) provided on the ground floor of the former Newington Library.

48. Set out below is commentary on the proposed principal lease terms:

- i. The Lease was initially to be 250 years but following community feedback both bidders agreed to accept a lesser duration. Cabinet needs to bear in mind that to implement the refurbishment any bidder will be making a substantial capital investment and in order to gain funding and justify the investment and risk a long lease is necessary. By comparison, the lease to be granted to the council for the new library for Walworth will be 250

years.

- ii. See closed version of the report.
 - iii. This transfers responsibility and cost from the council.
 - iv. It is normal practice for the occupier to meet business rates and other occupational taxation.
 - v. This conforms how the lessee is permitted to use the property.
 - vi. In order to generate income to keep the property maintained, provide a return on capital invested and to pay other costs e.g. rent the lessee has to have the scope to let out parts of the building.
 - vii. Any lessee taking on a lease of this nature will require the ability to transfer it in the future and in event a funder will require such a provision. If however if it is proposed to transfer the lease to an unreasonable person or organisation the council will be at liberty not to consent to the transfer.
 - viii. It is reasonable for the lessee that will have ultimate control of the property to have this responsibility.
 - ix. This allows the lessee to make minor alterations that do not affect the structure or the heritage of the inside of property without reference to the council and is a standard lease provision.
 - x. This enables the council to have oversight of the structural integrity of the building and its external appearance.
 - xi. This provision is helping to meet the meet the community aspiration and council requirement for genuinely public accessible space for community, arts and culture within the buildings.
49. In order for General Projects to deliver its bid it requires the council to make a contribution by way of grant towards the refurbishment costs.

Rationale for recommendations

- To deliver an undertaking in the Council Plan
- To secure the refurbishment of a heritage building that is currently on the At Risk Register
- To provide a building with a cultural focus and community access that will enhance the overall wellbeing of the locality
- To release monies currently being expended on the building for the delivery of front line services.

Community impact statement

50. The new Council Plan was the subject of extensive community consultation. The recommendations herein directly deliver upon an undertaking to secure the future of WTH and make it a publicly accessible cultural hub that forms part of the Vibrant Future commitment set out in the Plan.
51. The Equality Act 2010 requires the council in the exercise of its functions to have due regard to the need to:
- a) eliminate discrimination
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
52. Relevant protected characteristics for the purposes of the Equality Act are:
- Age
 - Civil partnership
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex and sexual orientation.
53. In considering the recommendations herein the Cabinet must have due regard to the possible effects them on any groups sharing a protected characteristic in order to discharge its public sector equality duty. This is an ongoing obligation.
54. The prolonged closure of WTH is considered to adversely affect all parts of the community including those with protected characteristics. Both invitations to bid will result in benefits to all parts of the community including those with protected characteristics.
55. Previous restrictions within the buildings included a lack of DDA access to upper and lower floors and no public toilets within the former Newington Library building. The new proposals overcome these restrictions and make the building accessible to all.
56. The future report on the community, arts and culture space management and operations model will need to consider how an inclusive programme of events meeting the needs of the borough's diverse population and which attracts visitors to the area can be best established.

Resource implications

57. The building is costing the council in the order of £360,000 per annum as it currently stands. On completion of the proposed agreement for lease this liability will cease. When the lease is completed following refurbishment of the property it will generate an income and the property will be cash positive to the

council.

58. Officer time required to support the ongoing development of the scheme will be drawn from the Regeneration North team's revenue budget.
59. Expenditure incurred through the leasing of the WTH will be covered through existing Regeneration North budgets.
60. The preferred bidder General Projects have made their bid on the basis that the council provides a £2m grant towards the costs of the project. The Invitation to Bid stated that potentially the council could make up to £4m available to support the project. The grant requested is within these parameters. The terms for the council contribution will be determined in detail in the agreement for lease but the principal use of these resources will be for the improvements necessary to bring forward the community, arts and culture use as early as is practical in the programme. Payment of the grant would be safeguarded on the basis of certificate of payments and pre agreed project delivery milestones.
61. Bringing forward a viable scheme at the site will bring to a close the on going revenue commitment set out in paragraph 57. The grant will contribute to bringing the buildings back into beneficial public use (as set elsewhere in this report) at a cost to the council which is significantly less than the estimated cost of £35m for the council scheme which was terminated in 2016. The grant requested can be met from the WTH approved capital budget.
62. Other than the council's £2m contribution the financing of the projects costs is from General Projects. As a consequence General Projects are taking on all the construction and delivery risk from the council. General Projects have stated that their estimate of project costs is lower than the £35m council project. It should be noted that the General Projects scheme design is at early RIBA stage 1 concept design. Therefore substantial detailed design, utilities infrastructure and construction methodology work needs to be carried out to reach cost certainty and gain greater understanding of the project risks which are significant with a building of this type and history. Through the assessment process it is determined that General Projects have sufficient resources in place to manage risk should budgets increase and the skills evidenced in other projects reflect the experience necessary to identify and manage project risks.
63. The council has invested £5m in the Walworth Town Hall during the emergency works, making the building safe, secure and weather tight and reinstating the historically significant Vestry Hall roof along Walworth Road. This work has prevented the buildings further deterioration and helped secure subsequent investment to bring the buildings back into active use.
64. The council scheme costed at £35m had completed RIBA stage 2 and therefore the cost estimate was based on a greater level of design and construction certainty. This scheme differed significantly from that proposed by General Projects as it included a number of public services that required specific operational functionality, internal circulation and utility solutions. As a consequence comparison of General Project and council scheme costs are not a useful guide to final project costs. The council project at RIBA stage 2 included a substantial contingency within the £35m budget to manage ongoing construction risk. In addition there was a significant fee allocation to meet the costs of external project management and specialist consultancy advice as these are not available within the council. General Projects will be responsible

for such costs in addition to any capital investment they are making.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

65. The report seeks authority to enter into an agreement for lease with General Projects on the terms which are substantially set out at paragraph 47 with the rental details confirmed in the closed report. Assuming that the building works are carried out satisfactorily within a 5 year period (as explained in paragraph 46) then this will lead to the grant of a lease for a term of 150 years.
66. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has the power to do anything that individuals may do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation.
67. The council has the power to dispose of its land in any manner that it wishes pursuant to section 123 Local Government Act 1972 provided the consideration is the best that can be reasonably obtained. This is dealt with in the closed report.
68. The Cabinet is also being asked to confirm a grant of £2 million to General Projects. Assuming appropriate safeguards are in place, then this grant is within the limits of grant already considered (as set out in paragraph 24) and will partly be off-set by the savings from the current weekly expenditure identified at paragraph 14.
69. Cabinet members, when making a decision on the recommendations in this report are also required to have due regard to the public sector equality duty in section 149 of the Equality Act 2010. Paragraphs 50 to 56 of the report sets out the assessment of community impacts, including equality impact and this concludes that the current closure of the building adversely affects all parts of the community.

Strategic Director of Finance and Governance (FC18/035)

70. This report is requesting cabinet to approve General Projects as the preferred bidder for the Walworth Town Hall project and for the council to enter into lease agreement with General Projects to facilitate the preparation of planning and listed building applications for the proposed scheme.
71. The strategic director of finance and governance notes that this proposal follows the extensive marketing exercise conducted by the council and further detailed evaluation of the various bids to identify a scheme that meets the council's aspiration and commitment for the future of Walworth Town Hall. Full details and background are provided within the main body of the report.
72. The strategic director of finance and governance notes that the current ongoing costs of £360k per annum to maintain and secure the building and other utilities costs will cease once the lease agreement is completed. Additional rental income is expected once the refurbishments in line with the agreement are completed as detailed in the closed version of this report.
73. It is also noted that grant of £2m required from the council as part of this

proposal will be funded from the Walworth Town Hall capital budget within the council's capital programme. This payment will be subject to General Projects meeting and satisfying the various lease and other agreement as part of this proposal, which are detailed within the closed version of the report. Further reports will be submitted to update cabinet on the progress of the scheme.

74. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Walworth Town Hall Mandate Review Cabinet 21 June 2017	160 Tooley Street London SE1 2QH	Jon Abbott 020 7525 4902
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s69044/Report%20Walworth%20Town%20Hall%20mandate%20review.pdf		
Council Plan 2018-9 – 2021-22	160 Tooley Street London SE1 2QH	Matthew Little 020 7525 0388
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s78763/Report%20Council%20Plan.pdf		

APPENDICES

No.	Title
Appendix A	Invitation to Bid evaluation
Appendix B	Community Consultation summary

AUDIT TRAIL

Cabinet Member	Councillor Johnson Situ, Growth Development and Planning	
Lead Officer	Kevin Fenton, Strategic Director Place and Wellbeing	
Report Author	Jillian Houghton, Project Manager	
Version	Final	
Dated	1 March 2019	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES/ CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Strategic Director Environment and Leisure	No	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	1 March 2019	