

Report for: ACTION
Item Number:

Contains Confidential or Exempt Information	YES (Part) Confidential Appendix 1 exempt from disclosure by virtue of paragraph 10.5(3) of the Access to Information Procedure Rules
Title	Outcome of the Marketing Exercise for Southall Town Hall- (STH) 1 High Street, Middlesex, UB1 3HA
Responsible Officer(s)	Lucy Taylor- Executive Director of Regeneration and Housing
Author(s)	Carol Sam- Economic Regeneration Manager
Portfolio(s)	Councillor Julian Bell, Leader and Regeneration Portfolio, Yvonne Johnson-Finance, Performance and Customer Services
For Consideration By	Cabinet
Date to be Considered	12 September 2017
Implementation Date if Not Called In	25 September 2017
Affected Wards	Southall
Keywords/Index	Strategic sites review, property strategy, Southall Town Hall, market, savings, redevelopment, disposal, recommendations report, Council's managing agents; development opportunity.

Purpose of Report:

1. To report the outcome of the marketing exercise to select a purchaser for Southall Town Hall (STH).
2. To recommend cabinet agrees the best offer following the outcome of the marketing exercise.

1. Recommendations

It is recommended that Cabinet:

- 1.1 Approves the offer received from the Visha Hindu Kendra Temple Ltd (VHK) as the best offer for Southall Town Hall.
- 1.2 Delegates authority to the Executive Director of Regeneration and Housing, following consultation with the Director of Legal and Democratic Services and the Portfolio Holder for Regeneration and Portfolio Holder for Finance and Performance, to agree the terms and grant a 250 lease for Southall Town Hall to the Visha Hindu Kendra Temple Ltd.

2. Reason for Decision

- 2.1 A marketing exercise to select a purchaser for STH through an informal tender process was undertaken by the Council's managing agents, Lambert Smith Hampton (LSH). The process began in June 2017 and is now concluded.
- 2.2 Details of offers received, analysis and recommendations are contained in the report prepared by LSH and forms the Confidential Appendix1 attached with this cabinet report.
- 2.3 Previous cabinet approval of 13 December 2016 approved the justification to undertake the marketing exercise for STH.
- 2.4 The property was designated for disposal by the Council. On the 24 February 2017 Lambert Smith Hampton (LSH) recommended the sale of the property be achieved by a marketing campaign with sale by informal tender. This was on the basis of offering a 250 year leasehold interest subject to contract either 'unconditionally' or 'subject to planning'.
- 2.5 A marketing campaign was implemented to generate maximum interest in the property. The campaign involved a number of channels, including advertising in the Estates Gazette, information sent to contacts held by LSH and parties that had expressed an interest to the Council. A letting board was also installed.
- 2.6 The advertising campaign resulted in 16 viewings.
- 2.7 Eight offers from six bidders were received for the leasehold interest in the property, of which six were 'unconditional' and two were 'subject to planning'.
- 2.8 Five of the 'unconditional' offers ranged from £1.350m to £2.015m on the basis of a premium subject to the rent of peppercorn.
- 2.9 One of the 'unconditional' offers was based on a rental of £30,000 per annum over a 248 year period.
- 2.10 Two 'conditional' offers ranged from £1.550m to £1.800m.

3. Options Considered

- 3.1 Two Offers were identified for further analysis from the eight offers received. They were from: - **(a) Southall Community Alliance (SCA) and (b) VHK Temple** and is detailed in the Confidential Appendix 1.
- 3.2 SCA's offer was analysed because the organisation is currently a tenant at STH, providing hot desking and capacity building for the local community.

- 3.3 SCA submitted an application for STH to become an Asset of Community Value (ACV). The application was considered and a decision has been made through an Officers Decision on 5th December 2016 not to list the building as an ACV.
- 3.4 SCA's offer was on the basis of an annual rent payment instead of an upfront premium
- 3.5 SCA are proposing the development of STH as an employment and community hub. The site would encompass a number of uses, including office space, training suite, community involvement and commercial use.
- 3.6 SCA propose to expand STH by building a new training and learning annex, above the current car park area after a 2 year period.
- 3.7 Vishwa Hindu Kendra Temple (VHK) made an 'unconditional' offer.
- 3.8 VHK hold a lease over an adjoining asset for a term of 130 years from 23 June 1995 to 22 June.
- 3.9 VHK's submission to acquire Southall Town Hall specifically mentions offering services to the wider community.

4. Recommendations

- 4.1 LSH's report recommends that the offer from VHK is accepted for the following reasons:
 - a. VHK made the highest 'unconditional' offer and are known to the Council.
 - b. There have been discussions with VHK regarding the car park that separates their asset and Southall Town Hall for a number of years and as they already hold a lease of this area it reduces risk in the longer term.
 - c. VHK's offer was higher than the 'unconditional' and 'conditional' offers received.
 - d. The offer from VHK represents Best Consideration on the basis of the offers received following the marketing exercise, as advised by Lambert Smith Hampton.

5. Key Implications

- 5.1 Existing tenants would be given notice to terminate their leases. Officers have considered the impact of this in making the recommendation as set out below.
- 5.2 The Council will work with all tenants to assist in finding alternative locations if future proposals require tenants to relocate.

- 5.3 The Council recognises in particular the scale, importance and impact of the work SCA deliver to other voluntary and community groups and the local community in Southall and would work in partnership with them in securing alternative appropriate accommodation.
- 5.4 Southall Town Hall is managed by a manager employed full time by the Council. Disposal of the building will impact on this person as the role could be declared redundant. The staff member has been employed since 2009 and was TUPEd over from HACP. The member of staff will be considered for any other vacancies in the regeneration team, or will be included in the Council's redeployment process.
- 5.5 VHK's offer proposes that they could take over the lease of the current tenants of STH for a further 12 months, which would give tenants a longer period to find alternative office accommodation.

6. Financial Implications

- 6.1 Southall Town Hall does not have a budget allocation or income. Income is generated through the rental received for the offices.
- 6.2 The confidential report at Appendix 1 provides a list of all offers received.
- 6.3 The sale to the highest bidder would provide the Council with a capital receipt from the highest bidder. The capital receipt is not being repurposed.
- 6.4 The Council would be released from further maintenance liability.

7. Legal Implications

- 7.1 The Council has powers under section 123 of the Local Government Act 1972 to dispose of property. Under the terms of section 123 the consent of the Secretary of State will be required (whether express or by general consent) where a disposal is proposed for a consideration less than the best that can reasonably be obtained.
- 7.2 The building is currently leased to a number of small businesses on yearly tenancies. The leases are excluded tenancies with early break provisions. The leases are due to expire on 31 March 2018.
- 7.3 Public law duties, Equalities and Human Rights considerations
- a. When making decisions the public authorities must act reasonably and rationally. They must take into account all relevant information and disregard all irrelevant information and take into account the views of those affected before final decisions are made. When making decisions public authorities must be able to demonstrate that decisions, including financial decisions are

made in a fair, transparent and accountable way, considering the needs and the rights of different members of the community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different protected groups and, where possible, identifying methods for mitigating or avoiding any adverse impact on those groups. The Council's equality impact assessment toolkit supports this approach.

- b. S149 Equality Act 2010 requires public authorities to have due regard to the need to:

Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Act; Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; Foster good relations between persons who share a relevant protected characteristics and persons who do not share it.

- c. The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation.
- d. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

- e. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- f. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in this section may involve treating some persons more favourably than others.

The Human Rights Act 1998:

The Human Rights Act 1998 makes it unlawful for public authorities to act in a way that is incompatible with a Convention right. Anyone who feels that a public authority has acted incompatibly with their Convention rights can raise this before an appropriate UK court or tribunal.

8. Value For Money

8.1 With the current and future funding pressures the Council is unable to undertake large scale maintenance and refurbishment of the town hall to ensure its upkeep and reduce the risk of the building falling into disrepair. Disposal or redevelopment of STH would reduce the maintenance liability to the Council.

9. Sustainability Impact Appraisal

9.1 If authority is given for the asset to be disposed of and redeveloped, then the requirement for a sustainability appraisal will be addressed via the planning process.

10. Risk Management

10.1 Calculations relating to disposals are subject to market volatility and will be adjusted to reflect up to date cost and valuation information.

10.2 Any risks associated to asbestos or other environmental considerations are based on existing survey data. More detailed investigation of buildings may result in additional cost being incurred for remedy or removal.

11. Community Safety

11.1 Marketing and redevelopment of this asset will have a positive impact on the area and may stimulate further investment in neighbouring properties.

12. Links to the 6 Priorities for the Borough

12.1 Marketing and redevelopment of this asset will reduce annual operating and maintenance costs to the Council overall; and importantly realise capital receipts in order to reinvest in new service accommodation and other major building projects in the borough.

12.2 The council's six priorities for the borough are to make Ealing:

- prosperous
- safer
- healthier
- cleaner
- fairer
- accessible

13. Equalities, Human Rights and Community Cohesion

13.1 An Equalities Analysis Assessment was been undertaken in 2016 and submitted for consideration as part of the December 2016 cabinet report.

- 13.2 The report concluded that the proposed scheme would have an impact on three of the protected characteristic groups; these are 'Disability', 'Race', 'Religion & Belief'.
- 13.3 The overall impact for those within the 'Disability' protected characteristic would be Neutral/Positive. There are limited facilities within STH for people with disabilities and there are serviced offices (within a 5 mile radius of STH) that do provide such facilities, therefore relocation from STH to alternative accommodation would not have a negative impact on people with this characteristic. The redevelopment of STH would also bring significant improvements to the Grade II listed building and would be a good opportunity to improve access to other areas of the building for people with disabilities.
- 13.4 The scheme could however have a negative impact for those within the 'Race' and 'Religion & Belief' protected characteristic groups. A majority of clients and service users accessing services from both businesses and the voluntary and community groups operating from STH are from Black, Asian and Minority Ethnic backgrounds (BAME) reflecting the ethnic and religious demographics of Southall.
- 13.5 Recipients of the services delivered by all tenants operating from STH will be affected, because existing tenants would be given notice to terminate their leases.
- 13.6 The Council recognises the scale, importance and impact of the work in particular of SCA, Helplink and several other tenants who deliver services and provides resources to mainly Southall residents, a majority of whom fall within the protected characteristics definition; 'Race' and 'Religion & Belief' categories. The Council would work in partnership with tenants in assisting them to secure alternative appropriate accommodation which best meets their requirements to make the impact neutral.

14. Staffing/Workforce and Accommodation implications:

- 14.1 STH is managed by a staff member and if the building is disposed of, the post will be declared redundant and the member of staff could be redeployed to work from Perceval House on regeneration projects or may be supported through the Council's normal redeployment programmes.

15. Property and Assets

- 15.1 Southall Town Hall is a Council-owned building. Any income or capital receipt generated would result in income to the general fund.

16. Any other implications:

- 16.1 None

17. Consultation

17.1 A review of the tenants in Southall Town Hall in late 2014 indicated that three organisations in particular could potentially be affected by plans to explore alternative uses for the building in the context of the Council's equality duty given the nature of their stated client groups. A letter and questionnaire was sent to tenants asking them to indicate the numbers (or percentage) of their clients that fell into each of the protected groups. Data has also been collected by the STH manager through the tenancy application process and has enabled officers to assess the impact of the proposals on those protected groups by means of the Equality Analysis Assessment referred to above.

18. Timetable for Implementation

Action	Date
Cabinet approval – implementation date	25 th September 2017
LSH agree Heads of Terms with successful bidder	9 th October 2017
Legal completion of lease	20 October 2017

19. Background Information

- Strategic Sites Review – Southall Town Hall- Cabinet report December 2015
- Marketing of the land and building at Southall Town Hall (STH) 1 High Street, Middlesex, UB1 3HA- Cabinet report December 2016

Appendices

1. Confidential Appendix 1- LSH letter 1 August 2017 outlining and summarising the Marketing process undertaken for STH together with their analysis and recommendations.

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Jackie Adams	Head of Legal (Property & Regulatory)	4/8/2017		
Rany Kamalanathan	Senior Solicitor	4/8/2017	8/8/2017	Throughout
Lucy Taylor	Executive Director of Regeneration and Housing	4/8/2017	16/08/17	
David Moore	Director of Regeneration and Planning	4/8/2017	8/8/2017	Throughout
Henry Kennedy-Skipton	Head of Regeneration and Transport	4/8/2017		
Cllr Julian Bell	Portfolio Holder for Regeneration			
Cllr Yvonne Johnson	Portfolio Holder for Finance and Performance			
Flora Osiyemi	Finance Business Partner Consultancy	4/8/2017	7/8/2017	Throughout
External				

Report History

Decision type:	Urgency item?
Key decision	No
Report Author	Carol Sam, Regeneration Manager, x9924