

<b>CABINET</b>	<b>DATE</b> 21 October 2020	<b>ITEM NO</b> 5
<b>TITLE</b> Disposal of Borough Halls, Royal Hill SE10 8RD	<b>WARD(S)</b> Greenwich West	
<b>CHIEF OFFICER</b> Director of Regeneration, Enterprise & Skills	<b>CABINET MEMBER</b> Regeneration & Planning	
<b>DECISION CLASSIFICATION</b> - Key	<b>FINAL DECISION</b> To be made on the recommendations in this report.	

1. **Decision required**

The Cabinet is requested to:

- 1.1 Approve the freehold or leasehold disposal of Borough Halls, Royal Hill, SE10 8RD.
- 1.2 Agree to delegate the process for disposal and the terms of any disposal to the Director of Regeneration, Enterprise and Skills.

2. **Links to the Royal Greenwich high level objectives**

- 2.1 This report relates to the Council's agreed high-level objectives as follows:
  - Promote economic prosperity
  - Promote excellence in education
  - Ensure a healthy and safe living environment
  - Support and protect children and families in need
  - Social care and health
  - Housing
  - Tourism, culture and sport
  - Continue to achieve excellence and good governance in the management of public finances

### 3. Introduction and Background

- 3.1 This report seeks the approval of Cabinet to proceed with the disposal of Borough Halls, SE10. The disposal of an interest in land is a matter requiring Cabinet approval under the Council's constitution. The Council is seeking to achieve best value from a disposal of this property in line with the requirements set out in Section 123 of the Local Government Act 1972.
- 3.2 Borough Halls is currently a vacant four storey listed building, which was previously in use as a public hall and subsequently a dance studio. The site itself is bound by Peyton Place to the south, Royal Hill to the east, Ernest Cottage to the west and Meridian House and West Greenwich Library to the north.
- 3.3 The Property sits on a broadly rectangular plot and is roughly rectangular itself. It is physically attached to Meridian Hall on part of the northern boundary. The Property is of brick construction and extends over four storeys plus basement. It was constructed in the late 1930s.
- 3.4 The Property is Grade II listed, and forms part of the 'The Borough Hall and Meridian House (Former Greenwich Town Hall)' listing. Internally, the majority of the Property consists of two halls, each with a timber stage. The Minor Hall is on the ground floor and The Borough Hall is on the first floor. Each hall has associated cloakrooms and toilets, there is a kitchen attached to the Minor Hall and a refreshment room attached to The Borough Hall. The remainder of the building is arranged with former dressing rooms in the basement, and on the mezzanine, third and fourth floors, as well as staff and public toilets situated off staircases. The former projection room suite is located on the fourth floor. It is understood that as a Theatre, the building has capacity for approximately 600 patrons.
- 3.5 The Property is currently disused and is in a state of disrepair, with some rooms sealed off due to asbestos.
- 3.6 The Gross Internal Area (GIA) of the building is 3,706 square metres (39,891 square feet).
- 3.7 The site is shown for identification purposes outlined in bold on the plan below.



- 3.8 In November 2013 Cabinet resolved to take forward the refurbishment of the Greenwich Borough Halls to create a new performing arts hub for the Royal Borough. The resolution also agreed a match funding contribution to a Heritage Lottery Fund bid.
- 3.9 A Pre Qualification Questionnaire was issued (pre tender stage) and there was limited interest in taking forward a proposal. Subsequently a theatre operator (“Theatre Operator”), approached the Council about using the building for theatre use.
- 3.10 The Theatre Operator and the Council entered into an Exclusivity Agreement with the intention of enabling the Theatre Operator the opportunity to prepare a business plan and proposition in relation to the use of the building.
- 3.11 It has not been possible, despite extensive work and negotiations between the parties, to agree Heads of Terms.

- 3.12 As part of the Council's deliberations about Greenwich Borough Halls, a consultation exercise was undertaken in 2019 with the following aims;
- Assess local people's awareness of the Halls
  - Assess the degree of local support to bring Borough Halls back into use of a theatre
  - Assess whether local people agree with the proposal to enter a long lease with the Theatre Operator
  - Assess local people's perception as to the economic and social value of bringing Borough Halls back into use as a theatre.

The overwhelming majority of respondents supported the reuse of Borough Halls for a Theatre.

- 3.13 It was on that basis that the Council progressed negotiations and have tried to find an acceptable solution with the Theatre Operator.

- 3.14 In the meantime, the Greenwich Borough Halls remains vacant and an important under used asset within the World Heritage Site. Moreover, given the building condition and its listed building status, on-going maintenance presents a liability to the Council. Residents will also be aware that the building has been squatted a number of times and the eviction of the squatters has cost the Council considerable sums of money.

- 3.15 On the basis that the building continues to remain vacant and does not generate any income for the Council, and represents a liability in terms of on-going cost of maintenance it is necessary as part of the Council's on going asset management strategy to recommend to Cabinet an alternative approach – hence the recommendation to market the building for disposal.

#### 4. **Available Options**

- 4.1 Two options are presented for Cabinet consideration:
- Option 1: Dispose of the building
  - Option 2: Do nothing

#### 4.2 Option 1: Dispose of the building.

This proposal includes:

- Open marketing of the building for a lease or outright freehold disposal.
  - This option would see the Council conduct a full marketing exercise via Property Agents to be appointed by the Council.

- Planning have advised that the property was last used as a performance dance school which falls into D2 use class however it is proposed to offer the building for sale on an unconditional basis.
- The social, community, economic and cultural benefits would need to be assessed as part of the bid evaluation process alongside the amount of any purchase price offered.

#### 4.3 The advantages of this option are:

- that it will solicit the extent and nature of any market interest in the building and give the Council confidence it is securing Best Consideration for the asset
- it will provide a way forward for the Council reducing its long-term liability and on-going maintenance costs required to maintain the building
- it will start to provide certainty to local people about the future use of the site
- it does not preclude the Theatre Operator from bidding through this process if they choose to maintain their interest

#### 4.4 The disadvantages are that this option:

- The market was last tested in November 2014 and the outcome may not be different from previous market testing exercises and the building would continue to decay and incur cost whilst investigating this option.
- The Council will need to provide a baseline condition survey to all potential bidders.
- The recent impact of the Covid pandemic has inevitably had an impact on the property market, albeit the extent of this is unknown.

#### 4.5 Option 2: Do nothing

The building is in a state of disrepair. The building has also had a number of unauthorised squatters occupying the building which have resulted in legal and security costs. To do nothing will remain a pressure on the Council's finances and represents a lost opportunity to bring the building back into meaningful use.

## 5. **Preferred Option**

5.1 Option 1 is the recommended option because it provides clarity about whether there is any interest from the market in the building, and if so for what uses. Furthermore, it will enable the Council to be satisfied that it has secured Best Consideration under the provisions of the Local Government Act 1972

5.2 Assuming an unconditional sale the indicative timetable is set out as follows:

<b>Activity</b>	<b>Estimated duration</b>	<b>Indicative timeline</b>
Appointing marketing agent	3 weeks	First week of November 2020
Develop marketing brochure and information pack containing key technical and marketing information about the property	4 weeks	December 2020
Pre marketing targeted approaches	3 weeks	End of December 2020
Launch property on the market with national marketing campaign including adverts in Estate Gazette	3 weeks (account for publication lead in times)	January 2021
Inspection days with all interested parties (protocol to be agreed in advance in light of building condition and Covid 19)	4 weeks	January/February 2021
Bid deadline	2 weeks after last inspection	End of February 2021
Analysis/evaluation	2 weeks	March 2021
Second bid deadline ( <i>if best and final round is required</i> )	2 weeks	First week of April 2021
Analysis/Selection of preferred bidder	2 weeks	April 2021
Preparation and Agreement to Heads of Terms and contract for sale	2 weeks	First week May 2021
Delegated report	3 weeks	End of May 2021

Legal negotiations through to completion	8+ weeks	End of July 2021
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5.3 The Director of Regeneration, Enterprise and Skills will need to ensure that the obligation to receive the best consideration reasonably obtainable is fulfilled at the stage of agreeing the finalised terms of this disposal

## 6. Consultation Results

6.1 Two forms of consultation were undertaken. The first was face to face on street interviews between 28 June – 5 July 2019 to which over 1,000 responses were received. The second form of consultation was via the Council’s consultation page on the corporate website which ran until 14 July 2019 and again secured over 1,000 responses. The headline findings were:

- 64% respondents were aware of Borough Halls
- 94% supported Boroughs Halls being restored to use as a theatre
- 94% agreed with the proposal to offer a long lease to a theatre operator

## 7. Cross-Cutting Issues and Implications

Issue	Implications	Sign-off
<b>Legal</b> including Human Rights Act	<p>Section 123 Local Government Act 1972 requires the Council to secure the best consideration that can reasonably be obtained on the disposal of the Borough Halls.</p> <p>Under Part 3 of the Council’s Constitution (Responsibility for Functions), Cabinet is authorised to agree the recommendations in paragraph 1.</p> <p>There are no specific Human Rights Act implications.</p>	<p>John Scarborough, Director of Legal Services, 8 October 2020</p>
<b>Finance</b> and other resources including procurement implications	<p>Approval is sought for the disposal of Borough Halls, Royal Hill.</p> <p>Section 123 of the Local Government Act 1972 requires that where a council</p>	<p>Michael Horbatchewskyj, Accountancy Business Change Manager,</p>

	<p>is seeking to dispose of land as freehold or on a leasehold basis of more than 7 years they must do so for the best consideration that can reasonably be obtained.</p> <p>Marketing, maintenance and any one-off costs required to realise the disposal will need to be met from existing revenue budgets or from within the approved capital programme budget envelope.</p>	8 September 2020
<b>Equalities</b>	The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no apparent equality impact on end users.	Jeremy Smalley AD Regeneration & Property 8 September 2020
<b>Health and Safety</b>	<p>Any inspection of the property by the agent or interested parties will adhere to:</p> <ul style="list-style-type: none"> <li>- Covid 19 arrangements</li> <li>- Health and safety including noting there are areas that are unsuitable for inspection due to asbestos and may require parties to sign a waiver due to the condition of the building</li> <li>- Use of PPE as appropriate</li> </ul>	Jeremy Smalley AD Regeneration & Property 8 September 2020

## II. Background Papers

None



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<sup>i</sup> D2 Use Class (Assembly and Leisure) Cinema's, music and concert halls, bingo and dance halls (but not nightclubs), swimming baths, skating rinks, gymnasiums or area for indoor or outdoor sports and recreations (except for motor sports, or where firearms are used).