

**LONDON BOROUGH OF BRENT**

**MEETING OF THE EXECUTIVE – 9<sup>TH</sup> FEBRUARY 2004**

**REPORT FROM THE CHIEF EXECUTIVE**

**FOR ACTION**

**NAME OF WARDS AFFECTED**

ALL

Above

Below

Confidential Line  
with the exception of  
Appendix 1 only

FP Ref Cor-03/04-53

**CONSULTANTS' STUDY ON POSSIBLE CIVIC CENTRE DEVELOPMENT IN WEMBLEY**

**1.0 SUMMARY**

- 1.1** In November 2002 the Leader of Brent Council together with the Mayor of London launched Our Vision for a New Wembley. The vision document describes how we have a once in a lifetime opportunity to maximise the National Stadium's impact as a catalyst for regeneration of the area. At the core and integral to the vision is a new civic building that will be the centrepiece of the community in Brent. It will be a place where local people can meet, learn, have fun and access a full range of public services. In addition taking a physical stake in the development of the Wembley area would give the Council greater leverage and influence over the wider regeneration of Wembley.
- 1.2** To start the process of turning the vision into a reality, in April 2003 the Executive approved the commissioning of consultants to undertake a detailed feasibility study into the potential of the development of a civic facility near to the National Stadium. Jonathan Edwards Consulting (JEC) were appointed and this report presents their study.
- 1.3** The JEC study had as its brief the Council's vision for a New Wembley that presents a real opportunity for Brent to deliver 21<sup>st</sup> century services from a multi-purpose, state of the art, iconic building located at the heart of New Wembley of which Brent's multi-ethnic population can be proud.

**2.0 RECOMMENDATIONS**

- 2.1** That the Executive notes the contents of JEC's study and its findings as summarised in Section 1, page 4 and 5.

- 2.2 That the Executive authorises officers to take the feasibility study to the next level by scoping the feasibility for a more integrated multi purpose facility with key public and private partners.
- 2.3 That officers report back to the Executive on the next stage of the study by October 2004.

### **3.0 FINANCIAL IMPLICATIONS**

- 3.1 The JEC report is an outline feasibility study into the development of a new civic centre for Brent. The report compares the Council's existing municipal portfolio with the cost of building a replacement facility and much of the report deals with financial implications.

### **4.0 STAFFING IMPLICATIONS**

- 4.1 There are no staffing implications arising out of this report.

### **5.0 LEGAL IMPLICATIONS**

- 5.1 There are no specific detailed legal implications to this report as a further report on the next stage of study is to be brought before Members and this will have more detailed legal implications dealing with the proposals put forward.
- 5.2 Any new building would require planning permission. The application would be decided by the Planning Committee on the merits of the application.
- 5.3 The Council has power under Section 2 of the Local Authorities (Land) Act 1963 to erect any building for the benefit or improvement of its area and it may acquire land by agreement under Section 120 of the Local Government Act 1972.

### **6.0 DIVERSITY IMPLICATIONS**

- 6.1 The new facility will fully comply with the Council's Equalities and Diversity Policy. It will celebrate the diverse cultural, ethnic and religious background of the borough's population by contributing to a civic and public heart for the Borough. New buildings will be designed to fully comply with the Disability Discrimination Act 1995 and the latest best practice in accessibility design.

### **7.0 ENVIRONMENTAL IMPLICATIONS**

- 7.1 There are no environmental implications arising out of this report.

## **8.0**    **DETAIL**

- 8.1**    The regeneration of Wembley has begun. The construction of the new National Stadium at Wembley is under way and ahead schedule. The stadium designed by Sir Norman Foster will be a landmark building with its arch visible across London and recognised all over the world. It is the centrepiece of our regeneration.
- 8.2**    The Council is working with Transport for London and the London Development Agency to deliver essential improvements to the stations and roads serving the stadium and the surrounding development.
- 8.3**    Quintain Estates and Development plc (Quintain), having recognised the opportunity the area has to offer, have purchased 55 acres of land surrounding the stadium and have submitted a planning application for a mixed use development, as phase 1 of their land holding. Part of their development will be a major re-orientation and refurbishment of the Wembley Arena that will face a new urban square bounded on its other side by a new five star hotel. Council officers are working hard with Quintain to realise a development that will be an asset for both the residents of Brent and visitors to the stadium complex.
- 8.4**    At the same time the London Development Agency is bringing forward land for development at South Way. There are a number of schemes along Wembley High Road in the development pipeline (Wembley Central Square, Chesterfield House, Copland School) and studies are being undertaken to consider the regeneration potential of the eastern industrial estate.
- 8.5**    In November 2002 Brent Council together with the Mayor of London launched its vision for a New Wembley. A core component of the vision is the Council's ambition to create a new focus for Brent by developing a new form of civic facility. A building that has unprecedented levels of public access to a wide range of public services, including council services, and that blurs the boundaries of public and private space. A building that will be state of the art for use in the 21<sup>st</sup> century and that will be a community asset to the residents of Brent.
- 8.6**    The civic facility could incorporate a cutting edge library, an arts complex, performance spaces, learning facilities, a selection of community rooms, a health centre. It could also incorporate a commercial dimension with cafés, a gym or fitness centre or shops. It will also give the Council the once in a lifetime opportunity to re-locate many of its key functions into one building.

- 8.7** The opportunity for Brent Council to have a stake in a major regeneration opportunity in Wembley will not come again, the window of opportunity is very small and it is now. The likelihood is that as developments come forward land values are likely to rise, thus making it more difficult to secure an affordable solution in the future.
- 8.8** A new civic facility gives Brent the opportunity to create a new “heart” for Brent. By working with partner agencies such as the PCT, North West London College, London Metropolitan University, Job Centre Plus, the Inland Revenue, the Police and Fire services it could provide, on one site, the services that are relevant to the residents of the borough not only now but in 10 years time. This is an opportunity for Brent Council to demonstrate clear community leadership and revitalise local democracy. Brent will be at the forefront of local government modernisation.
- 8.9** A clear benefit to the Council is the opportunity to replace its existing municipal portfolio, most of which is suffering from decades of under investment in maintenance. The existing Town Hall may have been fit for purpose in 1938 but certainly will not be in 2010. The Town Hall, although now listed, was built at a time when buildings were designed flexibly enough to make conversion into other uses, for example private residential flats, hotel, etc possible. Many of the Council’s other buildings are also inadequate for service delivery.
- 8.10** In April 2003 the Executive endorsed the principle of seeking to develop a new civic focus for the borough in Wembley and authorised officers to commission consultants to undertake a feasibility study that examines the viability of the approach.

## **9.0 THE JEC STUDY**

- 9.1** Jonathan Edwards Consulting (JEC) were appointed and have produced their final report. A copy of the report entitled “Brent Council – New Civic Centre: Outline Feasibility Study is appended to this cover report. JEC’s study contains 3 Appendices of its own within the main body of the study, plus a separate Confidential Appendix which appears as a “below–the–line” item report to this cover report.
- 9.2** JEC had as their brief the Council’s Vision for a New Wembley document as well as an initial option paper produced by Corporate Property Services in November 2002. The purpose of the study was to examine if it is feasible for the Council to exploit the opportunity to develop a state of the art building and facilities as described above that will enable it to provide a modern and relevant service to its residents.

- 9.3** JEC were asked to provide answers to a number of questions including the affordability of such a scheme and the availability of suitable sites.
- 9.4** In order to assess the affordability of a new facility JEC had first to assess what the Council was currently paying for its dispersed portfolio and estimate what it would be paying in the future if the status quo was continued. The cost of a new like-for-like facility was compared with this baseline.
- 9.5** The study does not factor in the ambition to share the new civic facility with other public and private/commercial sector partners.
- 9.6** The main findings of the report show that:-
- The existing municipal portfolio in the Wembley area is financially unsustainable in the long term – thus doing nothing (staying in the existing buildings) is not an option
  - There are a number of suitable sites in the Wembley regeneration area large enough to accommodate a new civic facility. Outline proposals were received from owners / developers and their consultants for 5 sites. These are compared in JEC's Confidential appendix
  - On a like-for-like basis, a new facility becomes affordable (cost equates to cost of existing estate) once modest savings in space occupancy and projected build cost are made
  - There are long term qualitative benefits for Brent in locating the existing Town Hall and a number of the existing dispersed offices in Brent to a new state of art civic facility.

## **10.0 THE FINANCIAL ANALYSIS**

- 10.1** The financial analysis that necessarily forms a large part of the report is complex and is explained in the following paragraphs.
- 10.2** The report uses the concept of Net Present Value (NPV) to convert a stream of income and expenditure over a period of 25 years into an equivalent figure in today's value. In other words the NPV is the capital sum one would have to put aside today in order to fully fund the income and expenditure on property over the next 25 years. This gives an effective way of measuring the Value for Money aspects of any proposal. There is also a need to test for affordability – i.e. can we actually find the cash required in any one year to meet the costs of any particular proposal?

- 10.3** The report finds that the NPV of our current level of expenditure on the existing portfolio over the next 25 years comes to £113.7 m. However, the report demonstrates that this level of expenditure is unsustainable. There will be significant increases in spending required both in consequence of rent reviews pushing up the cost of leased accommodation and because of the backlog of repairs that will cause unpredictable spikes in spending unless proper provision is made to bring property back to standard. An illustration of this was given this year when the Town Hall boiler failed requiring an expensive replacement and costly interim measures. JEC indicate that the NPV of required spending on the existing portfolio over 25 years is £127.4m, and any alternative solution will need to come to a lower NPV to be considered Best Value.
- 10.4** The like for like replacement on central assumptions come to a NPV of £144.9m. However the report indicates that the move to a new site with a purpose built Centre gives the Council the opportunity to make some significant changes to the way it does business. There will be scope for making more efficient use of space and for having less workstations than at present. In addition the Council will be able to exert considerable leverage on land and building costs if it gets involved in the regeneration of Wembley because of its excellent credentials and credit worthiness. Taken together these options should enable the Council to bring the cost of a replacement Civic Centre down to £126.8m NPV which would meet the VFM test.
- 10.5** JEC have also identified that there are other efficiency benefits estimated at £13.4 NPV which arise from the higher productivity that can be achieved from all the core administrative functions being in one fit for purpose building. This further reduces the NPV to £113.4m or below the current unsustainable costs.
- 10.6** The JEC report is limited in exploring the other opportunities that arise from such a project. Firstly, it is unlikely that the Council will want a “like for like” replacement of some of its existing facilities. For example, Members would probably wish to have a better central library if it could be afforded. The cost of providing a modern central library on its own would be much greater if it is part of a single development. This would be true for any additional facilities it was decided to add as part of the development. These issues have not yet been explored and would need to be in some detail before a decision to go ahead was made.
- 10.7** The second key test is affordability. The JEC report indicates a very substantial increase in costs around 2010 and 2011 if a traditional procurement mechanism is adopted. However, the prudential regime

for capital spending gives the council considerable flexibility about how it can fund such projects. It would be possible to defer some of the increase in debt charges that arise in those years through a range of funding devices which would enable the cash flow to be no greater than that required under the “do nothing” approach. The JEC report indicates how that can be achieved.

**10.8** In summary therefore the JEC report indicates that a new Civic facility can be achieved that is both value for money and affordable. However, the report is not a basis for decision, and further work is needed on exact options and costing before an irrevocable commitment could be entered into. There is sufficient resources within the existing budget to carry out such further work.

## **11.0 THE NEXT STAGE**

**11.1** The JEC report has established that a proposal to replace the existing Town Hall and a number of existing dispersed offices with a new civic facility is possible and affordable.

**11.2** The JEC report has had to make a number of assumptions before coming to its conclusion for example, size of new facility, cost of new facility. More detailed work on some of these assumptions is now needed in order to be better placed to specify exactly what is required, and on such specification a more accurate cost estimate can be made.

**11.3** Consultation is now required with potential partners, both public and private sector, who would like to be involved with the Council in realising the new form of civic facility as described in its vision for a New Wembley. This will determine the real requirement and translate into the gross size of the overall development, the sources of private and public funding and may exclude some of the identified sites.

**11.4** More work will be required on financial modelling and availability to borrow capital under the new Prudential scheme of funding local government.

**11.5** Officers recommend that the study is taken forward as in this cover report’s recommendations under 2.2, 2.3 and 2.4 above.

## **12.0 BACKGROUND INFORMATION**

- Report to the Executive 7<sup>th</sup> April 2002 entitled “A New Civic Facility for Brent”
- Office Accommodation (Muniport) Strategy 1999

- Best Value Review of Property Services, Asset Management and Facilities Management 2003
- Asset Management Plan Manual July 2003
- Correspondence with JEC
- Corporate Property's property files

Members wishing to inspect any of the above should contact:

Corporate Property Services  
Town Hall Annexe  
Forty Lane  
Wembley  
Middlesex  
HA9 9HD

Attn. Marcus Perry Tel: 020 8937 1330

**Gareth Daniel**  
**Chief Executive**