



Executive
17 June 2013

**Report from the Director of
Regeneration and Major Projects**

Wards affected:
Stonebridge

Bridge Park-Redevelopment Proposals

Appendix 3 is exempt from publication under Schedule 12A(3) of the Local Government Act 1972 as this includes Information relating to the financial or business affairs of GMH

1.0 Summary

- 1.1 The council's Bridge Park Community Leisure Centre and associated buildings require significant investment to bring them up to a reasonable standard and funds are not currently available to do this. However the council has been in discussion with the owners of the adjoining Unisys site (General Mediterranean Holdings-GMH) and it is proposed to sell part of the Bridge Park site to GMH to fund the design and build of a completely new sports centre paid for out of the proceeds of residential and commercial development on the Unisys and on the Bridge Park site. This report looks at a range of other development options and uses for the Bridge Park site. It recommends that the council enters into an agreement with GMH to redevelop the Bridge Park site.

2.0 Recommendations

That Executive agree;

- 2.1 The council pursue the option of GMH (and its subsidiary company)

developing the Unisys and Bridge Park sites for residential and commercial development to fund a new Bridge Park sports centre; and

- 2.2 Agree the draft Heads of Terms as set out in appendix 3 of this report to form the basis of the detailed sale agreement between the council and GMH and instruct the Director of Regeneration to complete terms for a land sale between GMH, its subsidiary company and the council as set out in Appendix 3 subject to suitable parent company guarantees to the satisfaction of the council; and
- 2.3 Agree to the making of a Compulsory Purchase Order (CPO) to acquire the freehold interest and other relevant legal interests of the Car Breakers site which for identification purposes is shown edged on the plan attached to this report at Appendix 1(a) ("the CPO Land") under Section 226(1)(a) of the Town and Country Planning Act 1990, to facilitate the carrying out of the redevelopment scheme ("the Scheme") and any new rights in the CPO Land which may be required under section 13 of the Local Government (Miscellaneous Provisions) Act 1976; and
- 2.4 Submit the CPO, once made, to the Secretary of State for confirmation, whilst the Council at the same time seek to acquire the land by private negotiated treaty, funded through funding from GMH under a separate agreement with the council; and
- 2.5 Agree to the making of one or more general vesting declaration(s) or service of Notice to Treat and Notice of Entry (as appropriate) pursuant to the Compulsory Purchase (Vesting Declarations) Act 1981 and the Compulsory Purchase Act 1965 respectively, should the CPO be confirmed, if determined by the Director of Regeneration & Major Projects on the advice of the Director of Legal & Procurement Services, as necessary in order to implement the CPO.
- 2.6 Executive are asked to delegate authority to the Director of Regeneration & Major Projects to undertake the following:
 - 2.6.1 Enter into agreements and make undertakings on behalf of the Council with the holders of interests in the CPO Land or parties otherwise affected by the Scheme setting out the terms for the withdrawal of their objections to the confirmation of the CPO, where such agreements are appropriate; and
 - 2.6.2 Service of all requisite notices on the holders of the CPO Land including rights in the CPO Land relating to the making and confirmation of the CPO; and
 - 2.6.3 Remove from the CPO any plot (or interest therein) no longer required to be acquired compulsorily for the Scheme to proceed and to amend the interests scheduled in the CPO (if so advised); and
 - 2.6.4 To acquire land and/or new rights by agreement either in advance of the confirmation of compulsory purchase powers, if so advised, or

following the confirmation of compulsory powers by the Secretary of State; and

2.6.5 To seek to acquire for the Council by agreement any interest in land wholly or partly within the limits of the CPO Land for which a blight notice has been validly served; and

2.7 To undertake public consultation on the development proposals with local residents, interest groups, users and tenants; and

2.8 To procure an architectural practice to design the new sports and community centre and submit plans with Unisys; and

2.9 Procure a design and build contractor to build the new sports centre through an appropriate contractor/developer Framework or by way of an OJEU advertisement, or by the use of a design, build and operate contract; and

2.10 Officers to undertake public consultation on all four options for the sports centre.

3.0 Background

3.1 The Bridge Park and Unisys sites are on the junction of the Harrow Road and the North Circular Road in Stonebridge. Bridge Park was converted from a bus garage using GLC funding in the 1980's, managed by the local community in its early years but under the council's management for over 12 years. Bridge Park has four main elements: a sports hall and associated health and fitness facilities, a large community hall with catering and conference rooms, a number of business units and Technology House, a separate office block that is used as a children's nursery and offices for a church group. Both Technology House and Bridge Park have a backlog of repairs and both need future investment to bring them up to modern standards. Bridge Park also suffers from the fact that it is a converted bus garage and the layout is relatively inefficient and heating and other costs are considerable due to its structure. Appendix 1 maps out the various elements of the site; Bridge Park, the Unisys site and a privately owned car breakers site to the rear of Bridge Park. The Bridge Park site had a covenant on it that sports and community uses should be protected and around half of any value of any development would have to be paid to the LB Bromley (as successor body to the GLC). However officers have successfully removed this covenant.

3.2 The Unisys site is owned by General Mediterranean Holdings (GMH) a property investment company that also build and invest in hotels across the world. They propose to use a wholly owned subsidiary, Toucan Investments, to undertake the development. GMH has a considerable billion pound asset base and are considered to have the financial standing to undertake a venture of this size and complexity. The council's Financial Management service consider that Toucan Investments are suitable to undertake any land transaction as long as there is strong parental company backing to the satisfaction of the council. The Unisys office buildings have been vacant for over ten years. GMH secured planning consent for a much larger hotel

complex in both Unisys office buildings but have not built out the consent. They now propose to refurbish one of the blocks for a much smaller hotel and convert the other office block to accommodate new residential development. The current Unisys buildings have been vandalised in part and currently create a poor environment on the North Circular Road.

- 3.3 Council officers have been discussing the possibility of some form of agreement with GMH that would deliver a new sports centre, paid for by enabling residential and other development that would also bring forward the conversion or rebuilding of the Unisys office blocks. The council has spent some time examining whether it could afford to re-provide a sports centre by developing only the Bridge Park site. The council considered this approach in 2010 and again this year. It is clear that the development of the council's Bridge Park site alone will not fund a sports centre located within the Bridge Park site. This is set out in more detail background documents (Doc.6 listed at end of report) but in short development of the council's site achieved a land value of c. £4m against a sports cost build requirement of approx. £9m.
- 3.4 Your officers have therefore looked at whether a development between GMH and the council would secure a significant land value to afford a replacement sports centre. In short if some Community Infrastructure Levy (CIL) is also added to the Scheme then it is possible to meet the full costs of building a new sports centre on part of the Bridge Park site. This is very similar in approach to the Willesden Library proposals where the development meets the full capital cost of provision (but should also provide some CIL in addition). The other benefit of this approach is that the comprehensive nature of the development helps overcome potential flood issues on the site and also increases overall values as the outlook between the two sites is enhanced and the open space within the Scheme can be planned comprehensively. Appendix 1 indicates the existing ownership and appendix 1a, the proposed ownership once the transaction has occurred, although the exact boundary lines will be subject to more detailed negotiation. The indicative proposal is to build a little over 500 homes and a hotel to fund a new council owned and built sports centre. These initial ideas are set out in appendix 2. It is important to note that the council is not committed to any particular housing scheme at this stage, only that as the number of homes reduces, the value of the land reduces. This flexibility means that we do not need to have a final scheme agreed at this stage.
- 3.5 However rather than having a development agreement with a third party such as in the development of Willesden Cultural Centre, your officers propose that a more simple land sale takes place and the council uses that land value (with some CIL) to build its own sports centre. The council commissioned Deloitte's Real Estate to advise the council on the terms of the possible land sale to GMH, working with S&P architects to set out options for the sports centre and Urban Initiatives to advise on the residential component of the joint scheme. GMH have valued the council's land (i.e. the residential Value reflected by looking at development on council and GMH land) as £6.4m. This is a 60% share of the residual value of the two sites of 10.7m. The council has approx 60% of the developable land and so the split is considered fair. This is after GMH have acquired the car breakers site at their cost and transferred it to the

council. Although the council's land value share of £6.4m is not sufficient to meet the costs of the £9m cost of building a new sports centre, the council will also generate Community Infrastructure Levy (CIL) of approximately £6.6m (note that CIL replaces S106 planning obligations). So the council uses the land value of £6.4m and approximately £2.6m of its £6.6m CIL to construct the sports centre as follows:

Land Payment from GMH	£6.4m
CIL accruing from development	£6.6m
Total Income	£13.0m
Less cost of Sports Centre	£9.0m
CIL left for other purposes	£4.0m
CIL used for sports hall	£2.6m

- 3.6 Note that CIL payments will help fund a range of the council's infrastructure needs and will include schools, transport, open space, sports and other needs. Your officers are recommending committing £2.6m of CIL from the development to the building of the sports centre. However the final CIL payment will be a balancing item after the land value is taken into account and may be higher or lower. Note also that if the number of units are reduced through the planning process, the land value will reduce and a greater proportion of CIL would be required to build the same size sports centre. The proposed approach however gives the council a good deal of flexibility in that it is not committed to a centre of any particular size and it can consider, say, a smaller centre to reduce costs or a much higher quality centre and commit more CIL to balance the increased expenditure.
- 3.7 Deloitte's Real Estate are satisfied having undertaken a forensic examination of GMH's proposals in terms of build costs and residential and commercial values that the Land Sale would represent good value for the council. The financial model of course will continue to be tested as the detail of the development is crystallised through the planning process.

Nature of the land Sale Agreement

- 3.8 The proposal is for the council to undertake a land sale of the Bridge Park site retaining sufficient land to build a new sports facility that would be funded from a land sale receipt and through the utilisation of some of the CIL receipts. Set out below are the key features of the land transaction:
- 3.8.1 The sports centre will be fully funded and located on the eastern end of the site
 - 3.8.2 The sports centre will be built as a first phase and the current sports centre closed only when the new sports centre is opened
 - 3.8.3 GMH will meet all the costs and risks of the planning application
 - 3.8.3 GMH will fund the design of the sports and community centre to an agreed amount but the council will procure and instruct its own architects to design it and procure its own builders to build it.
 - 3.8.4 GMH will meet the costs of any CPO and the purchase costs of the car breakers yard (indemnifying the council's costs). Any land needed for the new sports centre will be retained (freehold) by the

council and any land required for housing transferred back to GMH at nil value.

- 3.8.5 GMH will pay the council the land value (£6.4m) and sufficient timely payments of CIL to complete the building of the new sports centre by the council.
- 3.8.6 The council will transfer the remainder of the Bridge Park site to GMH once the new sports centre is completed.
- 3.8.7 GMH will pay for demolition of all buildings on the Bridge Park site
- 3.8.8 GMH will take all risks on the residential and commercial elements
- 3.8.9 The council will have an overage mechanism to secure additional funding if sales values are higher than anticipated as the development progresses (subject to a profit ceiling being reached)
- 3.8.10 The council will receive a c. £6.4m land payment if 512 dwellings are consented and this will reduce by a calculated sum (estimated at around £13k per unit) if actual dwelling numbers are reduced through consideration of the planning application.
- 3.8.11 the council will procure its own sports centre through a design and build construction contract.
- 3.8.12 the council is not committed to building any size sports centre but will build a size in relation to its available funding envelope. Its content is solely a matter for the council.
- 3.8.13 Both parties will work positively to consult and develop the scheme with local stakeholders and with the Mayor of London's office and the Environment Agency.
- 3.8.14 A minimum of 5% of all dwellings will be affordable but will be limited in order to fund the sports centre.

3.9 The draft Heads of Terms of the Land Sale Agreement proposed between the council and GMH are set out in Appendix 3. It is proposed that these draft Heads are agreed and form the basis on which the final sale agreement between the council and GMH is completed. There are still some matters to be resolved in the detailed agreement and those issues are considered in square brackets in the draft Heads of Terms in appendix 3.

3.10 Your officers recommend a land sale for a number of reasons, but notably to avoid any particular problems around procurement, to avoid State Aid issues and to comply with CIL regulations. A land sale agreement also allows the council control and flexibility over the design and quality of its own sports centre. The Sale Agreement passes the risk of residential and commercial sales to the developer. So for example the council considered GMH carrying out the whole development on behalf of the council including building the sports centre. While this would remove the sports centre build cost risk to the council it would raise other issues. If the council for example set out its requirements for the sports centre and imposed an obligation to deliver the new sports centre in accordance with that specification then it would have to comply with the European OJEU procurement rules and undertake a fully compliant and separate procurement process. This is despite the fact the landowner (GMH) has no intention of selling to a third party. A land sale avoids this protracted procurement process. The council would have to procure its own architects and build contractors but can do this effectively by using existing pre-OJEU procured frameworks.

Sports Hall proposals and business case

- 3.11 Your officers have considered three main sports centre options on a site that can fit around 3500-4700m² of sports hall development. There are currently three components on the Bridge Park site – the sports hall, community uses including a community function hall and a number of business units. It is clear that the site would not be big enough to accommodate all of the existing uses. If they were all accommodated then the footprint of the enabling residential uses would have to reduce as would the land value. It is therefore proposed not to relocate the business units within the new proposals. There are currently 37 business units in the Bridge Park complex. While they provide useful start up space for new local businesses they do not fit well into a new sports centre in terms of use and floor space they occupy. There are a number of possible relocation options: that they are able to find space within the commercial floor space proposed by GMH, that they can relocate within other vacant council space such as the design works in Harlesden or that they relocate to other industrial space within Park Royal.
- 3.12 In similar fashion, Technology House provides office space for a church group and a children's nursery. Currently no new nursery space is indicated on the draft options but some children's play space will be incorporated within the new centre. Officer's will however look at further options to replace the nursery during the proposed consultation process. No office space is proposed to be replaced. There are some conference rooms also within Bridge Park but the usage is extremely low and again (also with new Civic Centre in mind) it is not proposed to re-provide this space in any new centre. Three of the four options set out below include replacing the large community/function hall with one of similar size. One option replaces this with a swimming pool. As well as providing some limited space for existing non-sports hall users other new uses have been proposed. These include a new soft play area for younger children. This not only meets the needs of the enormous increase in 0-10 year olds in the local area but has a positive effect on the overall business case. The current sauna and steam room provision is very popular and it is proposed to add these uses into the new facility. The new proposals also include expanded gym facilities for which there is a demand and which helps overall financial viability of any sports centre. It is also proposed to add a fitness studio for classes and a separate smaller gym that could be used for targeted sessions such as females only, GP referrals etc without impacting on the main gym, all of which helps the financial viability of the new centre. One option puts a 5-a-side pitch on the roof because there is significant demand for indoor 5-a-side football. Including as as well as the sports hall would free up the sports hall for other sports and therefore accommodate a greater number and range of users.
- 3.13 The brief to the council's architects was to examine four options-each of the four options are illustrated in Appendix 4. The following base provision is set out in option 1 and includes the following uses:
- A four court sports hall
 - An 65 station fitness gym

- Smaller separate gym
- A 385m2 function hall and kitchens
- A young childrens' soft play area & party room
- Sauna and Steam Rooms with own changing rooms
- Exercise Studio for fitness classes
- Spin Studio
- Small 12 person meeting room
- 50 car parking spaces

Option 2 also includes all the facilities above plus:

- 4 lane 25m community swimming pool with moveable floor
- Separate wet side changing facilities

Option 3 includes facilities as option 2 (i.e. a pool and changing facilities) **minus:**

- Function room & kitchen

Option 4 includes those facilities in option 1 plus

- 5 a side pitch on roof in dome

3.14 The indicative costs of building each of the options are as follows;

Options	Total area	Total Cost	Capital
Option 1-base case	3585m2	£7.5m	
Option 2 –base case plus pool	4741m2	£10.1m	
Option 3-the pool replacing function hall	3689m2	£8.3m	
Option 4 – no pool but 5a side pitch on roof	4408m2	£8.5m	

All four options can be afforded if Executive wish to use more of the CIL funds generated by the residential and commercial scheme. The main difference in the options are that they have different effects on the business plan operating costs and income. Also the lower cost options can be considered more prudent in that they could accommodate more build cost inflation or allowances for any particular on site problems such as more significant levels of contamination (note car breakers site) than those currently priced for. Executive may wish to agree a preferred option, consider the matter after public consultation or even when the build contracts are returned and true costs are known.

Options Business plan

3.15 The council's consultants, Deloitte, have considered the financial performance of the existing centre against the predicted performance of the four options for the new centre. In all cases the business performance of any new centre on any option significantly outweighs the performance of the existing centre by a wide margin. This is because the current centre incurs very high running costs (such as heating because it is a converted bus garage) and the quality of the current offering significantly limits current

income. Moreover there are some very big items of capital expenditure required in the next five years that will be needed to keep the centre running (such as boiler and roof replacement/repair) but will do little to enhance its attractiveness and will make the overall position in maintaining the existing centre much worse.

- 3.16 The potential savings of any new centre are therefore significant. The table below summarises the likely revenue savings that could be achieved for each option. They are based on current net annual running costs in 2012/13 of £491,547.

Net Annual Running Costs	Exp without life cycle cost (£)	Exp with life cycle costs (£)	Range of annual savings (£)
Retain current centre	491,547	907,549*	n/a
Option 1	144,382	244,065	267,482
Option 2-base case plus pool	373,954	270,757	117,593
Option 3 –with pool but no function hall	369,542	284,213	122,005
Option 4 – no pool but 5 a side	219,159	138,833	272,388

*note these are not the actual running costs but costs if all key improvements to the fabric of the building were made

- 3.17 The model above is based on a knowledge of over 200 operational sports centres benchmarking against those with similar offers and catchment characteristics. Income is calculated from examination of the facilities provided, the affluence and population of the catchment area and the competition provided by alternatives in the catchment area. Running costs of any new facility are based on the consultants knowledge of running costs of many other similar sports centres. Even in the worse case scenario, the council is projected to make c. £120k annual savings on the running of the existing centre, if a pool is included (options 2 and 3) and c.£270k without a pool (options 1 and 4). This is of course dependent on the success of the centre but these savings are based on relatively conservative assumptions about future use and take into account that the sports centre catchment area is far from affluent.

- 3.18 There are two other considerations to be noted-the first is that the rent for the business units has been excluded to get a like for like comparison between uses in the old and the new centre. The rent on the business units, currently around £100k per year, would therefore be lost however if some of the empty Harlesden Design units were occupied then overall net rental loss would be reduced. However the comparison is on the running costs of the new sports centre with full lifecycle costs included (i.e. the council maintaining 5% of the budget to pay for upgrades through the life of the centre) against the current centre costs that does not include any lifecycle costs. When these are added the picture is dramatically different. It is estimated that the current Bridge

Park will need about £4.16m worth of major improvements notably to boilers, ventilation equipment and roofing improvements. This would add extra costs of £416k per annum over each of the next 10 years and so if the council wished to undertake these improvements, the full comparison of lifecycle costs between the new and old centre gives a greater cost differential (the first column of the table at 3.16 shows running costs of the existing centre without adding in the improvements needed and the second column shows them if they were all done). Moreover the improvements to the fabric of the existing Bridge Park are mostly required to keep it running: they would not significantly improve facilities to attract new customers.

- 3.19 The council's consultants also note that a further revenue saving could be made by managing the centre through an external trust which would save £80-£90k p.a. through NNDR (business rates) and VAT savings. It is also possible to offer the new sports centre as a design build and manage option and secure further savings as a consequence. Officers therefore ask Executive to consider this option as one that should be considered going forward.

Choosing a new sports centre build option

- 3.20 The choice of Bridge Park as an important sports facility is set out in the council's Planning for Sport and Active Recreation Facilities strategy which has (p93) the re-provision of Bridge Park as a priority if the opportunity arises. The reason for locating it at or near current location is because it is in an area of high deprivation, poor healthy, low income, large young populations which enhances the need for an affordable pay and play sports facility. Executive may wish to select a favoured option for any new sports centre but Executive may wish to wait for the results of public consultation. One of the key decisions is whether to include a swimming pool. The capital cost of a sports centre with a pool would be £0.8-£2.6m over the cost of building a dry-side centre. A sports centre with spool may achieve c. £150k per year less savings on running costs but they can also bring in many more visitors to an centre than a dry-side facility. Cost and space prohibit a separate learner pool but the pool is costed with a moveable floor that reduces the depth of the pool and enables more swimming lessons to be offered. The council has negotiated a new 25m six lane pool (with learner pool) under a S106 planning obligation at Dexion House in Wembley but this shows no sign of being developed. According to the council's consultants any pool at Dexion House would only have a limited affect on the business plan for Bridge Park because of the lack of pools in the borough.
- 3.21 The approach recommended is for officers to undertake the public consultation in the next two months and report that back to Executive. This would also help to secure stakeholder buy in to the options proposed.

Alternative Development Proposals

- 3.22 As well as assessing sports centre options, your officers have also considered other alternative development scenarios including:

Option a Use of Bridge Park for a secondary school and sports centre

Option b To develop the whole site for residential uses

Your officers have considered option a building an 8 form entry secondary school on the Bridge Park site with a separate sports centre that could be used by the public and the school –this is a background paper to this report. This option is anticipating the potential shortfall the borough may have in secondary school provision as the current bulge in primary school places works through the system to secondary school age in 5-6 years time. The report shows how school and sports centre could be reasonably accommodated on the Bridge Park and Car Breakers site. However there are currently no allocated funds to build a new school (c. £18m) a new sports centre (c. £9m), to purchase the car Breakers site and to undertake the costs of undertaking of the additional flood storage works (part of the site is in an identified flood zone) which could be between £1m and £2m. Even if the £30m were available the extra flooding works costs mean that the Bridge Park site may not be the most cost effective site on which to locate a school given those extra build costs. A school may also not help to bring forward regenerative proposals on the Unisys site.

- 3.23 An option to develop the whole site for residential development and use the proceeds to develop comparable facilities elsewhere was also considered. If all the Bridge Park site were built as residential development, an additional 98 units could be accommodated (over the 230 in the preferred proposal) and the land value would increase by £3m (over the £6.4m value of the recommended scheme). The CIL contribution would also increase by a further £1m. There are obvious downsides to this approach: planning policy protects on site provision of such community facilities, alternative sites may not be available and land values to acquire them may be higher than values generated by residential development. Bridge Park geographically fills a gap in provision between our two other facilities; Vale Farm and Willesden and Bridge Park is also in an area where these facilities are much needed. It would be difficult therefore to support an argument for off site provision.
- 3.24 For the practical reasons set out above the on-site re-provision of a sports facility on the Bridge Park site enabled by residential development is recommended.

Public consultation

- 3.25 It is proposed to commence public consultation as soon as possible after Executive approval. The consultation will be for users of the sports centre, local residents, community organisations occupying space in Bridge Park and for other interested parties. The consultation will be complete by the end of July 2013 or the first weeks of August.

Conclusions

- 3.26 The redevelopment of Bridge Park as recommended is supported for the following reasons:
- 3.26.1 A joint proposal regenerates both Bridge Park and the Unisys Buildings and values will be better if both sites are brought forward to

- enhance the other
- 3.26.2 Bridge Park will not be closed until the new sports centre is built and the new centre is built up-front as a first phase.
 - 3.26.3 The new sports centre will be cheaper to run and is predicted to make significant revenue savings over its lifetime
 - 3.26.4 The new sports centre will be fully funded by the development through a land payment and CIL.
 - 3.26.5 The risk of the enabling housing development lies with GMH and not the council.
 - 3.26.6 The proposed new sports centre will be a state of the art, fit for purpose new and exciting building (appendix 5 sets out some examples of what has been achieved on similar budgets).

4.0 Legal Implications

Compulsory Purchase Order (CPO)

- 4.1 Circular 06/2004 issued by the Office of The Deputy Prime Minister states that a CPO should only be made where there is a compelling case in the public interest. An acquiring authority should be sure that the purposes for which it is making a CPO sufficiently justify interfering with the human rights of those with an interest in the land affected. Regard should be had, in particular, to the provisions of Article 1 of the First Protocol to the European Convention on Human Rights and, in the case of a dwelling, Article 8 of the Convention.
- 4.2 Officers propose a CPO be made to acquire the freehold interest and all other relevant legal interests for the car breakers site, under Section 226(1)(a) of the Town and Country Planning Act 1990 on the basis that redevelopment of the scheme will substantially improve the economic, social and environmental well being of the area.
- 4.3 As outlined above, the quality of the existing car breaker's site is extremely poor, both in terms of its physical and aesthetic qualities. As such, the appearance of the site epitomises the urban decay that currently blights the Bridge Park area and contributes to the poor physical environment that currently exists. As discussed above, the presence of the car breakers site in close proximity would significantly harm the desirability and value of the residential accommodation proposed, bringing into question the viability of the scheme which is required to kick-start the regeneration of the combined Bridge Park and Unisys sites.
- 4.4. Incorporating the car breakers site into a wider redevelopment offers both a more rational design and ensures that a viable scheme can be produced that enables a new replacement sports centre to be developed. It also best enhances the residential development value that will pay for it. There are significant issues with land contamination within the car-breakers site which can be addressed through the redevelopment. The redevelopment will not only provide housing that meets current standards, but will also provide the high quality spaces, both internally and externally, required to support the economic and social regeneration of the Bridge Park area. The scheme, if permitted, would deliver new sports facilities, new homes creating better

housing choice, commercial floor-space designed to be used in support of the local economy and a better public realm environment for all to enjoy.

- 4.5. The acquisition would extinguish the existing car breakers business operating from the site at the rear of Bridge Park. At present this use does not appear to provide any significant positive contribution towards reversing the decline in the Bridge Park area and it certainly does not in any way come close to providing the benefits that would be delivered by the new development. These benefits will improve the social, environmental and economic well being of the area and is considered sufficient justification for interfering with the human rights of those with an interest in the CPO Land.
- 4.6. Circular 06/2004 also states that before embarking on compulsory purchase, and throughout the preparation and procedural stages, acquiring authorities should seek to acquire land by negotiation wherever practicable. The compulsory purchase of land is intended as a last resort in the event that attempts to acquire by agreement fail. Subject to approval, officers intend to exhaust all possible avenues of negotiation before embarking on a CPO process as acquisition through negotiation would be beneficial to the project programme. Compulsory purchase is seen very much as a last resort, and will be used only if and when all reasonable endeavours to reach an agreement with the freeholder, and any other interested parties, have failed.
- 4.7. Circular 06/2004 also requires acquiring authorities, in demonstrating that there is a reasonable prospect of the scheme going ahead, to show that the scheme is unlikely to be blocked by any impediments to implementation. Officers take the view that by the time the CPO process is set in motion this will be the case in Bridge Park.
- The Council have a clear programme of delivering a planning application for the proposals to the LPA by the end of 2013. A decision on the planning application would therefore be due by the end of March 2014. Officers will try and secure acquisition of the site as soon as practicable and will wait until planning permission is in place before proceeding with a CPO.
 - Initial viability appraisals of the scheme have been undertaken by Deloitte's Real Estate which show that the scheme can deliver a positive residual value for the site. This shows that the proposals are likely to be viable. Officers will appoint independent costs advisors to monitor the design team and ensure that the proposals remain viable as the scheme is progressed.
 - Through a land sale the Council can make provisions to ensure that any developer partner must proceed to deliver the scheme in a timely manner.

Procurement

- 4.8 The council's external legal advisors have recommended that the council do not enter into a development agreement with GMH but instead agree a land sale. If the council enter into a development agreement it would have the benefit of GMH taking the building risk on the sports centre, in effect they

would build it for the council. This would also be efficient in having one build contract in place and avoiding two builders with two set ups. However, regardless of the fact that the only agreement could be with GMH, EU procurement law would consider this to be a works contract and the values involved would require the council to advertise under the OJEU provisions and run a compliant tendering process. This would take about 9 months and it would not in all probability offer up an alternative contractor because GMH would not sell them their land. A Land Sale is not bound by the OJEU procurement regulations and would thus allow the council to move more quickly.

- 4.9 Any land sale will then deliver the council a land value and the council will have to design and procure its own builders for the sports centre. This approach does however allow the council maximum flexibility over the nature of the sports centre, the quality of the building and level of fit out. It is not obliged to build a sports centre of any size and can therefore weigh up floor space against quality of finish and so on. It will secure a design and build contractor through the OJEU process or by using a pre-procured framework. An alternative option is to look at procuring a sports specialist to design, build and manage a new sports centre. Officers will consider these choices and put forward recommendations to Executive in the future.

5.0 Financial Implications

- 5.1 The council has employed consultants, Deloitte's Real Estate to examine the acceptability of the viability analysis and business plan to ensure that the council receives best consideration for its land. They have examined:
- The costs and values of the joint development with GMH
 - The viability of the council developing its own site and building its own replacement sports centre
 - The cost of building the new sports centre and each different option and the business case associated with each option.
- 5.2 In terms of the overall viability analysis of GMH's joint development proposals, Deloitte's, the council's consultants main findings are:
- 5.2.1 The sales values for the residential development are within the range that would be expected in this area
- 5.2.2 The build costs for the residential and other development are comparable with other similar schemes and are considered reasonable
- 5.2.3 The resulting land value of the Bridge Park site is therefore considered to be acceptable and would meet the test of best consideration, noting also that overage arrangements are also in place to give the council a further share of residential value uplifts but placing the burden of risk on the developer.
- 5.3 Deloitte's have concluded that the council would not be able to afford a new sports centre by developing its own site as it has insufficient land to build residential units (about 230 compared with 512 on the joint scheme). It is also true that the joint scheme enhances both the residential values on Bridge Park

and on the Unisys site and therefore values are enhanced with a joint scheme. Deloitte conclude that the scheme with the adjoining land owner makes sense in this regard and the enhancement of value is unlikely to be achieved with a separate scheme on both sites.

- 5.4 Deloitte have set out build costs for the four sports centre options. These show that a sports centre of a robust size can be achieved through using the land value and some of the CIL payment made to the council. The build costs are based on building a centre that will be fit for purpose and be easily maintained by using robust materials. It should be recognised that the build costs are only estimates and ground conditions, the cost of materials and the state of the building contractor market may cause this estimate to rise or fall. The costs estimates have reasonable contingencies, allow for the hire of Health and Fitness equipment and would in any case be fixed through a design and build contract .
- 5.5 Deloitte also estimate that any new centre will have much reduced running costs when compared with the existing centre on a like-for-like basis. This is based on analysis of a considerable database of other sports centres and on an analysis of the income generated by the various uses and the wealth and population of the likely catchment area.
- 5.6 Deloitte conclusions are that a new sports centre can be afforded through a land sale with GMH balanced by some input of CIL, that the development proposals meet tests of best consideration and places most of the development risk with the developer. No General fund payments would be required and the new centre should deliver savings on current budgets. These would be further enhanced if you considered the real costs of improving the current Bridge Park in the next 10 years.

Financial Status Checks

- 5.7 GMH propose developing the Bridge Park site through a wholly owned subsidiary, Tucan Investments. The council has analysed the financial strength of both Tucan Investments and GMH. Tucan Investments is recommended for the land transaction as long as there are suitable parent company guarantees from GMH to the satisfaction of the council.

Other financial benefits of the scheme

- 5.8 The 512 dwelling scheme will deliver other benefits for the council. The hotel and local retail units will deliver business rates on which the council now secures a proportion of new NNDR revenues. 512 new residential units would attract New Home Bonus, and if the NHB scheme were to keep running as present this would accrue approx. £3.7m in NHB funding to the council. This is non-ring fenced grant collected over the next 6 years at a little over £600k per year. The government have made no commitment to the scheme beyond three more years but support the overall principle of rewarding authorities that welcome new development.

- 5.9 The scheme will generate a CIL contribution which is estimated at £6.6m but could be as high as £8.8m. It will depend on the way in which the empty Unisys buildings are treated under proposals being put forward by the government they will be netted off the floor space bill. Currently empty floor space is not.

6.0 Diversity Implications

- 6.1 Your officers have carried out a new Equality Analysis. There are a number of important conclusions. The first is that Bridge Park has been important in serving an important part of Brent's Afro-Caribbean community. Removing the sports centre would strongly negatively impact on this group. The area has one of the strongest increase in under 5's in the whole of Brent. Over 88,000 of the 447,000 people within a three mile catchment of the centre are under 16 years of age (20% compared with a borough average of 16%). The starter business units that would not be replaced do have a high proportion of people from Afro-caribbean background. The public consultation process is intended to see how the council can help to provide alternative provision for those businesses that need support. Bridge Park currently accommodates a number of different faith groups and again the consultation is intended to help how these can continue to be accommodated in any new centre.
- 6.2 Any new sports centre will be fully DDA compliant. It will also have specific facilities that can be used by women only groups and direct access from womens changing to steam and sauna and fitness facilities.

7.0 Staffing/Accommodation Implications (if appropriate)

- 7.1 Bridge Park is now showing its age and is difficult to manage because it is a converted bus garage. Because entry is difficult to control, security staff have to be employed. Any new centre would have new and up-to-date facilities and proper controlled access would increase security.
- 7.2 If the existing centre is kept open until the new one opens then there would be no implications to staff that operate the new centre. If it were chosen to out-source any new centre then TUPE arrangements would apply.

Background Papers

1. Equality Analysis May 2013
2. Deloittes Viability Analysis Report March 2013
3. Analysis of Gleeds costs by Deloitte, May 2013
4. Bridge Park Centre Feasibility Study May 2013
5. Urban Initiatives-layout of joint development and comments, March 2013
6. Urban Initiatives- plan of Brent Only development, March 2013
7. 20 year cash flow for Existing and proposed Bridge Park
- 8 Letter from Council's External Legal Advisors, May 2013 setting out recommendations on procurement issues
9. Analysis of Financial standing of GMH and Toucan Investments.

Contact Officers

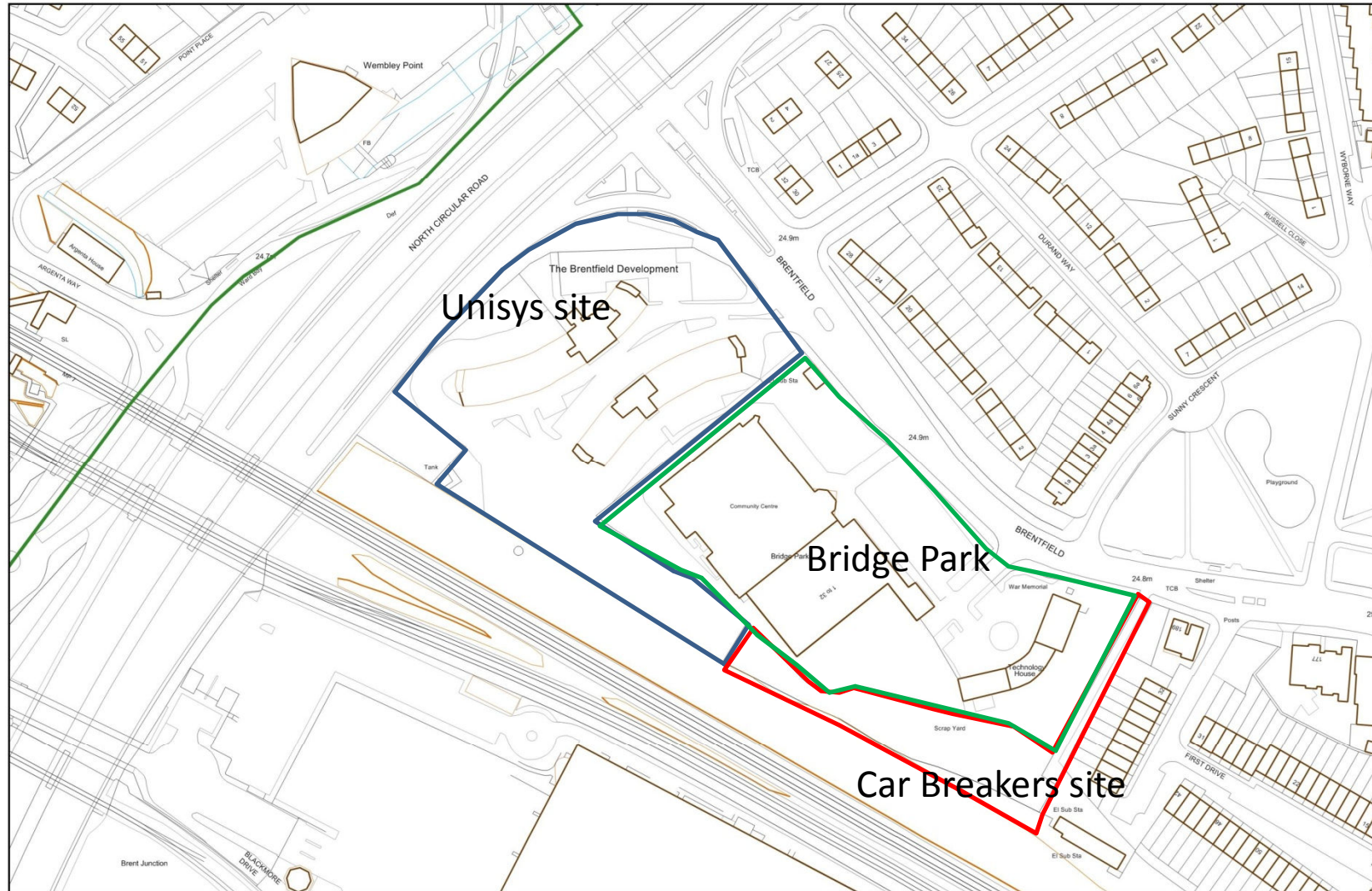
Dave.Carroll@brent.gov.uk

Head of New Initiatives

ANDREW DONALD

Director Regeneration and Major Projects

Appendix1 Bridge Park Current Ownership



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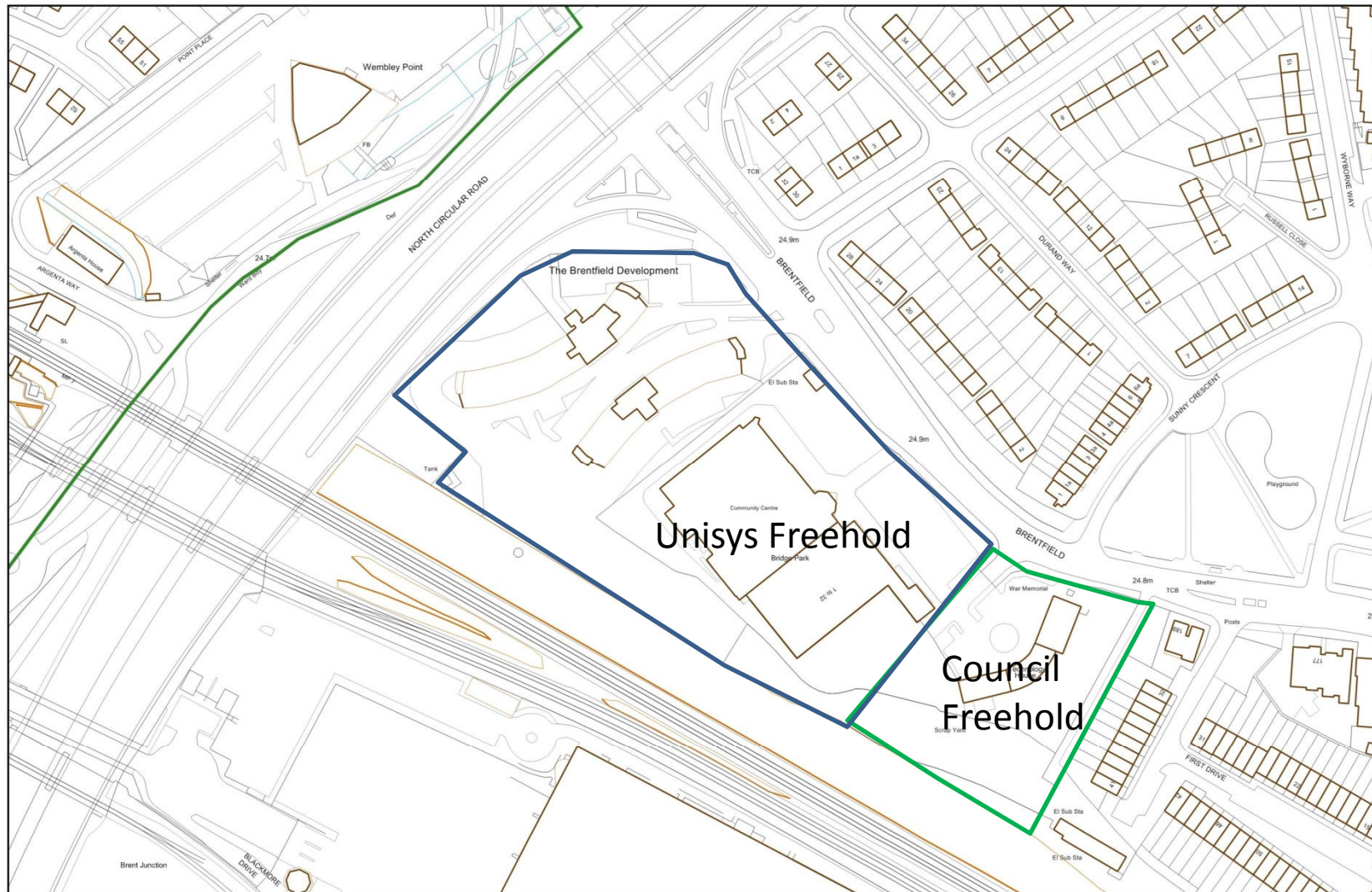
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 Date: 17th June 2013

Version 1.0
 Date 4th June 2013

Appendix1a Bridge Park Ownership After Land Sale and CPO



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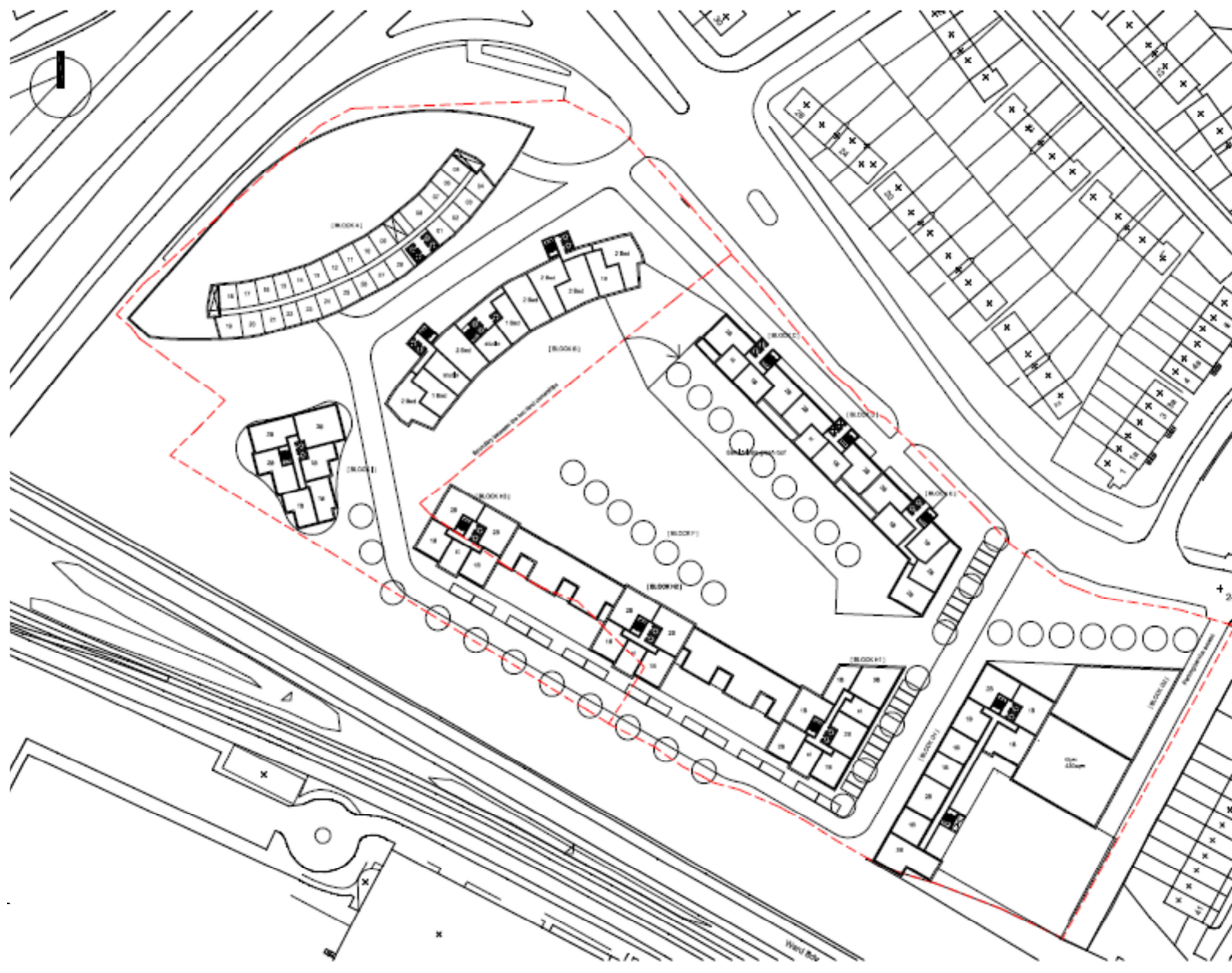
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Appendix 2 Indicative Development Proposals

Note that this scheme is only an illustration showing how 512 residential units could be accommodated on site and any planning application may arrange these units in a different way. Alternatively if this number of units are not secured then the land value will reduce accordingly as set out in the main report. The sports hall is illustrated by the block to the right of the illustration. It is very likely that the residential development next to the sports centre would need to be re-located to allow for parking for the sports centre to be accommodated. The Unisys buildings are the two curved buildings to the top of the illustrations.

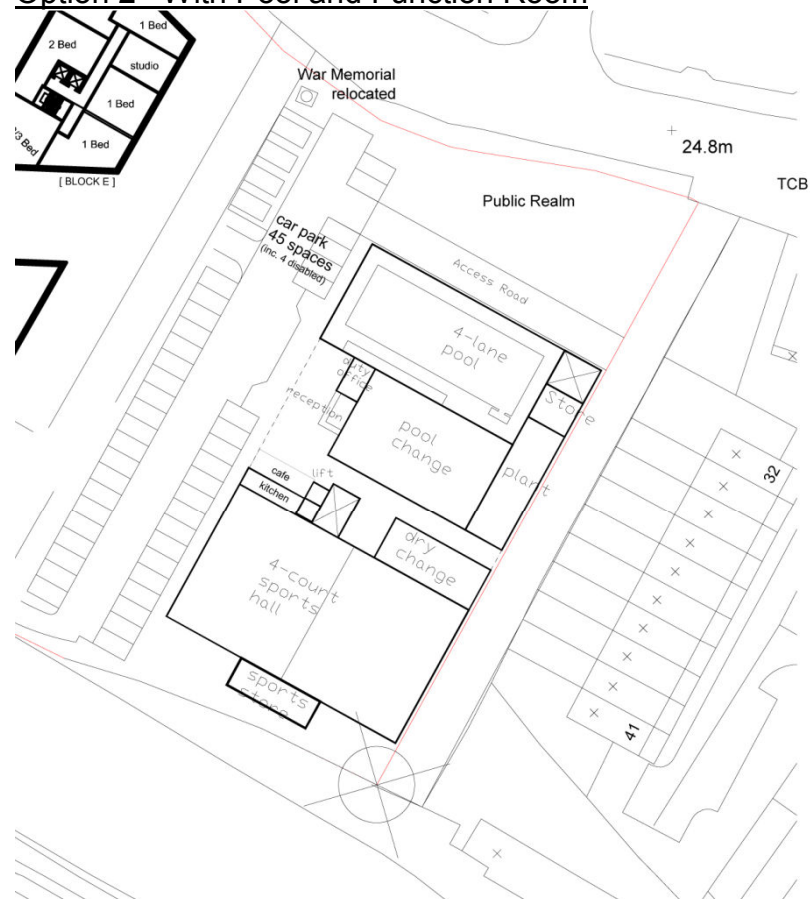




Option 1- The Base Case



Option 2 –With Pool and Function Room



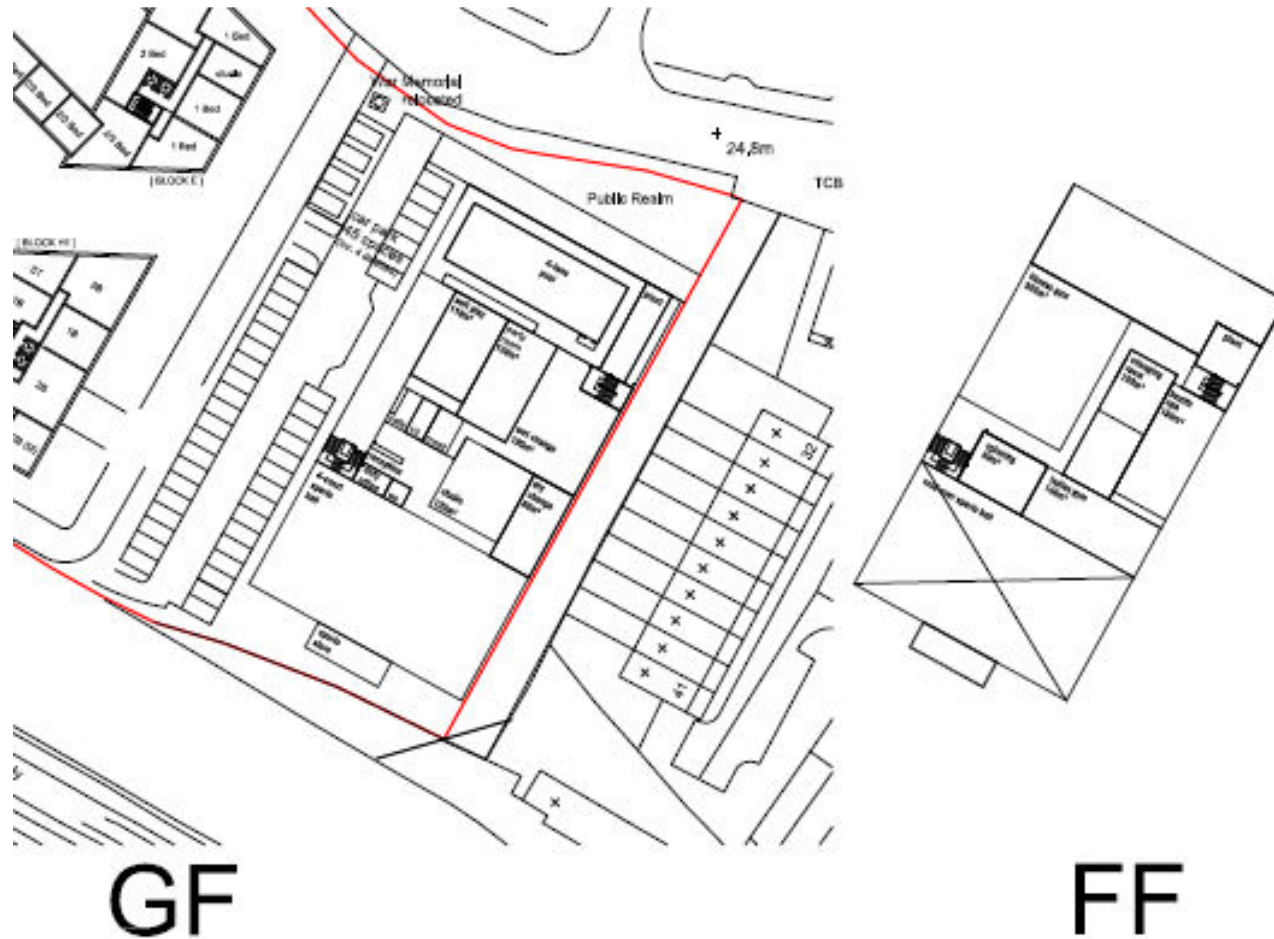
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Option 3-Pool Replacing Function Hall



Option 4 No pool but 5 a side pitch on roof



Appendix 5 Sports hall layouts on similar budgets/scales of development





