

MUNICIPAL YEAR 2006/2007 REPORT NO. **182**

MEETING TITLE AND DATE:
Cabinet – 13/12/06

REPORT OF:
Director of Finance & Corporate
Resources

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Agenda – Part: 1	Item: 8
Subject: Enfield Town	
Wards: Grange and Town	
Cabinet Member consulted: Cllrs Rye and Lavender	

1. EXECUTIVE SUMMARY

This report considers Enfield Town Phase 2, (the Palace Exchange Shopping Centre) and the award of the fitting out contract for Thomas Hardy House. It also considers in principle the next phase of the rejuvenation programme for Enfield Town.

2. RECOMMENDATIONS

Members are asked to approve:

- 2.1 The revised budget for the fitting out of Thomas Hardy House of £4.73m.
- 2.2 The letting of the fitting out contract for the Thomas Hardy House as disclosed in Appendix 1.
- 2.3 The inclusion of the sites as described in Section 8 in the asset disposal programme.
- 2.4 The outline scheme for the demolition, reconstruction and refurbishment of the Carnegie building subject to the outcome of the review of the medium term financial plan.

3. BACKGROUND

- 3.1 The development and lease agreement for the building of Enfield Town Palace Exchange became unconditional in August 2004 with construction commencing shortly thereafter. The Council's consideration for entering into a lease with the developer included provision of a shell and core building of approximately 43,000 sq ft on three floors.
- 3.2 With Palace Exchange open for trading, retailers are aware of the opportunities flowing from the new development. The much-anticipated rejuvenation within the Town Centre is now becoming a reality with significant expenditure having been undertaken on improvements to Marks & Spencer, Pearsons, Waitrose and Woolworths. These bear witness to the new found confidence in the strength of the retail offer the scheme is bringing to Enfield Town and fully justify the Council's proactive approach to regeneration projects within town centres.
- 3.3 Palace Exchange has provided the catalyst for the Council to consider further opportunities within Enfield Town Centre, utilising both its landholdings and those of partners and potential partners.

4. UPDATE ON THOMAS HARDY HOUSE (CIVIC FACILITY)

- 4.1 Members will be aware of the legal requirement for the Council to provide a Library and Performing Arts space/cultural centre within nine months of Practical completion of the shell and core of Thomas Hardy House as laid down in the Development Agreement. Practical completion has now been confirmed.
- 4.2 The approved plans for the use of space by the Council will be implemented in two stages. Stage 1 will comprise a temporary library on the ground and first floors to accommodate the current library services at the Enfield Town Library pending the refurbishment and expansion of the existing Carnegie building. In addition, there will be an Exhibition space, Performing Arts space, Café, and staff accommodation. Stage 2 will be implemented approximately two years later, when the central library moves back to the refurbished Carnegie building, leaving a residual library function at Thomas Hardy House.

5. PROPOSALS FOR CARNEGIE LIBRARY

- 5.1 Consultant Architects have carried out a full site analysis of the existing Library and green.
- 5.2 This has led to the draft proposals that will be displayed at the Cabinet meeting.

- 5.3 The proposals anticipate the demolition of the existing 1960's extension and the refurbishment/restoration of the "Carnegie Building" to restore it to its original 1912 condition. The scheme includes a two storey building on the existing footprint to give a total building area of 1500m² with large areas of glazing to accentuate the solidity of the existing building and to allow views through to the green.
- 5.4 The design proposes a prominent glass lift by the entrance to the North frontage, which features an atrium area between the new and existing buildings, to provide light into the centre of the plan and to provide a focal point to the building.
- 5.5 The existing service area is to be maintained and improved. This could also service an internet-style café with direct access onto the Green, if required.
- 5.6 The project will include a full landscaping scheme.
- 5.7 Further improvements include high quality hard and soft landscape, bandstand or performance area (i.e. summer art exhibitions etc) seating, external lighting and CCTV, new fencing, bollards and cycle hoops. A timepiece sculpture is also under consideration to provide a centrepiece to the Green.

6. FINANCIAL COST ANALYSIS

- 6.1 The current Capital Programme provides for a total of £5,850,000 for the Civic Facility and the refurbishment of the Carnegie Building.
- 6.2 Tenders for the Civic Facility building works have been returned and an analysis of cost are provided at Appendix 1.
- 6.3 The total expenditure anticipated is as follows:

	£m
Total Project Costs Thomas Hardy House (Appendix 1 refers)	4.73m
The Cost Plan for the Carnegie building is anticipated as (Appendix 2 refers)	7.50m
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TOTAL (this is preliminary only)	£12.23m
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7. PROPERTY COMMENTARY INCLUDING DISPOSALS OPPORTUNITIES

Property Implications

7.1 Members are asked to note the availability of the following Council-owned landholdings for possible disposal in order to provide the additional capital receipts that will be required.

7.2 The Disposal Sites

7.2.1 Silver Street Car Park (0.153 acres) - abutted by Lloyds Bank plc and Café Uno)

This site formed part of the comprehensive agreement the Council entered into with the developers of Palace Exchange in April 2001. The Council was contracted to transfer the site subject to the developer exercising an appropriate option. The developer failed to exercise the option and legal advice has stated that the Council is now under no obligation to transfer the site to the developer. Its transfer had been previously approved as part of the agreement with the developer and, accordingly, the Council is in a position to dispose of the site forthwith.

7.2.2 Cecil Road Temporary Car Park (0.8 acres)

This site originally formed a series of residential properties abutting The Town Park and although prior to its use as a temporary car park it was seeded and landscaped it never acquired the status of Metropolitan Open Space. Its use as a temporary car park could continue, subject to appropriate planning consents, now the licence to the developer has expired, however, it is available for disposal. The land was acquired at residential value.

7.2.3 Little Park Gardens' Small Car Park (0.2 acres)

This site is technically surplus to requirements and as such potentially available for disposal.

7.2.4 Other Opportunities

Opportunities to further realise capital receipts will be reported to a future Cabinet for consideration.

7.3 Issues for Consideration

7.3.1 Little Park Gardens' Bus Stands & WC's (0.31 acres)

Although the Council owns the freehold of this site it is leased to London Buses. Notwithstanding this, its availability for disposal could materialise as a result of the possible redevelopment around Enfield Town Station. See (8.3.3) below.

7.3.2 Enfield Arms Site

The site previously occupied by The Enfield Arms public house (0.17 acres) was acquired under the Council's Compulsory Purchase Order to facilitate the Palace Exchange development. Although the site is registered in the name of the Council by virtue of the CPO process, the developer will call for its transfer in due course. It was hoped that the Council would be able to negotiate the acquisition of the site from the developer, however this now seems unlikely. The acquisition was to provide the Council with a land interest in the immediate vicinity of Enfield Town Station. See below.

7.3.3 Enfield Station

As part of the future development around Enfield Station, Network Rail has advised that through an initial feasibility study there is the possibility of agreeing to a movement of the station in a southerly direction. Such a move would, in all probability, allow for a new station to be constructed adjacent to the Genotin Road Car Park. The resultant development opportunities in the immediate vicinity are being considered but it would in the first instance facilitate the regeneration of the area around Southbury Road and Genotin Road junction and provide for a new bus stand/station in Genotin Road Car Park. The consequences for the value of the Council's landholdings in this area are therefore potentially encouraging.

7.4 **Contract with Developer**

7.4.1 Property Services are currently negotiating with ING Real Estate Development a financial settlement, which will reflect its' use of some of the Council's property assets during the course of the development. It is anticipated that this settlement will be made during early 2007.

7.4.2 As part of the agreement between the Council and the developer of Palace Exchange, overage provisions were incorporated whereby the Council could potentially share in defined development profit secured in shop rentals which exceed previous estimates and savings in the construction of the development where they are both achieved over and above defined thresholds. Property Services believe that overage may become payable in late 2007. However, the amounts remain to be settled.

8. **TIMETABLE – KEY MILESTONES**

The following programmes are anticipated to meet the Council's legal obligations.

8.1 Civic Facility

Approve capital expenditure & Appoint Contractor	Dec 2006
Building Contract	Feb 07 - Jul 07
Relocate library	Aug 2007
Open Facility	Sep 2007

8.2 Carnegie Building

Approve Capital expenditure (in principle) and Appoint Design Team	Dec 06 – Feb 07
Report back to Cabinet for approval	Jan/Feb 2007
Detailed Design	Mar 07 - Jul 07
Planning	Jul 07 - Sep 07
Construction tender	Dec 2007
Approve Tender & Appoint Contractor	Feb 2008
Building Contract	Jul 2009
Commission & Decant	Oct 2009
Open Facility	Nov/Dec 2009

9. **ALTERNATIVE OPTIONS CONSIDERED**

- 9.1 This report seeks approval to a fit-out scheme for Thomas Hardy House as is contractually required.

10. **REASONS FOR RECOMMENDATIONS**

- 10.1 To progress the next stage of the Enfield Town property improvement programme.

11. **COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS**

11.1 Financial Implications

11.1.1 On 12 July 2006, Cabinet approved a report on the preliminary estimates for the fit out of Thomas Hardy House and the building adaptations of the premises following the re-location of the temporary library on completion of the refurbishment of the Carnegie building.

11.1.2 The table below sets out the current estimates compared to the earlier approval.

	Scheme Estimate July 2006 £'000	Scheme Estimate December 2006 £'000
Construction including library fit out	3,250	3,495
Fees including project management	192	332
Contingency	110	110
Facilities equipment, fixtures and fittings (including IT) (not included in contract)	50	283*
Library and Cultural Centre equipment including IT, café set up and Performing Arts space (not included in contract)		308*
Phase 2 - Adaptations	198	200
Total Estimated Cost	3,800	4,728

- 11.1.3 The latest estimates reflect the receipt of tenders for the building fit out, but also the detailed assessment of the additional services and facilities required to manage and deliver the fully specified services from the premises including IT costs, equipping the second floor, the café set up and the Performing Arts space.
- 11.1.4 The Cabinet report to July 2006 expressly noted in the recommendation that the costs quoted of £3,350 excluded furniture equipment and IT, which needed to be worked up in detail. This explains the difference between the figures with the exception of the gap in construction costs, which are indicative of the volatile nature of a supply-led market. *In addition a review of the specification will be undertaken to seek opportunities for reductions and consequent cost savings.
- 11.1.5 The Council's approved capital programme includes provision of £5.685m for the fitting out of Thomas Hardy House and the refurbishment of the Carnegie Library. The revised estimates for Thomas Hardy House can be accommodated within this allocation but as a consequence there will be a lower residual balance of funding (£0.957m) remaining to contribute in part to the refurbishment of the Carnegie Library.
- 11.1.6 The revenue impact of Thomas Hardy House is currently being quantified. The draft position is set out below:

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
Thomas Hardy House – facilities and service costs	522	743	732	732
Savings during refurbishment of Carnegie Library	(34)	(41)		
Provisional additional running costs of the refurbished library		5	58	58
Vacation of Scottish Life			(300)	(450)
Net revenue impact	488	707	490	340
Existing medium term financial plan provision	(335)	(362)	(145)	(145)
Net additional revenue impact	153	345	345	195

- 11.1.7 It is assumed that the café operation and Performing Arts space will cover their operating expenditure from income generated.
- 11.1.8 The preliminary costs of the refurbishment of the Carnegie Library has been estimated at £7.5m. This scheme will need to be considered as part of the current review of the medium term financial plan for inclusion in the new capital programme due to be approved by Council in February. Additional capital receipts will need to be identified for the scheme to proceed should they be prioritised for funding. There will also be revenue consequences arising from the project that have yet to be assessed in any detail.
- 11.1.9 It should also be noted that the potential proceeds arising from the disposals put forward in section 8 of the report are subject to further evaluation to determine the certainty of the sums involved and, in particular, the likely extent of any disposal costs.
- 11.1.10 To conclude, the re-development of the Carnegie Library will require a significant capital funding gap and revenue impact to be addressed.

11.2 Legal Implications

- 11.2.1 The Council has a statutory duty under Section 123 of the Local Government Act 1972 to achieve the best price reasonably obtainable on disposal of interests in land (or obtain the consent of the Secretary of State) and this is also reflected in Property procedure rules. Members will note that detailed legal appraisals on a number of the sites referred to in this report have not been carried out at this stage and the conclusions of such appraisals may have implications in terms of the timings of the disposals and values achievable.

11.2.2 Contracts for the disposal of any of the sites will be in a form approved by the Borough Solicitor.

12. PERFORMANCE MANAGEMENT IMPLICATIONS

12.1 The programme will be managed in accordance with the timetable defined at Paragraph 9 of this report.

13. PUTTING ENFIELD FIRST

13.1 Economically successfully and socially inclusive. These proposals will promote opportunities for employment by encouraging business growth, skills, training and by reduced barrier to working.

Background Papers

None

The Building Costs for Thomas Hardy House (Civic Facility) Project

Building Costs Stage 1

	£m	
Tender figure adjusted to include budget estimate for furniture and equipment together with items for corporate specifications	3,495,205*	
Professional Fees including Project Management (approximate – fit-out only)	332,000	
Contingency	110,000	
Facilities Equipment, Fixtures, Fittings & IT (not included in contract price above*)	283,000	
Library and Cultural Centre equipment including IT, café set up and Performing Arts space (not included in contract)	<u>308,000</u>	
Total Estimate for Phase 1	4,528,205	
Estimated Building Costs Phase 2	<u>200,000</u>	
Total Estimated Cost for Phase 1 and 2 Including FF&E and IT costs	<u>£ 4,728,205</u>	Say £4.73m

