

Report of the Interim Deputy Chief Executive

FUTURE OF THE TOWN HALL, BEESTON - CONSULTATION1. Purpose of the report

To report to Committee the outcome of the recent consultation on the future of the Town Hall in Beeston.

2. Background

Members will recall the report and meeting of 3 October 2017 relating to the potential future of the Town Hall in Beeston. Committee resolved to consult widely on possible options for its future.

3. Consultation

The online public consultation (plus the option to write in or complete a hard copy form) was launched on 12 December 2017 and closed on 16 January 2018. This consultation was promoted through the Council's website, social media, internal and external e-mail services and the Beeston and District Civic Society. It was also reported in the Evening Post and on regional TV news bulletins.

Appendix 1 contains details of the 1,059 consultation responses received. Over 80% of respondents wished to see the Town Hall retained in some form. There was less clarity over how continuing use could be funded.

A number of imaginative alternative uses were suggested, but most of these are considered unsustainable by both of 2 independent Chartered Surveyors commissioned to advise on potential commercial and community uses (see appendix 2). A purely commercial approach to vacating the Town Hall (ie. providing a commercial return on the asset) would require a user or users able to assume full responsibility for the building's running costs and able to pay a rent of circa £42,500pa.

It is understood that a "Save the town hall" petition will be submitted to Full Council on 31 January. The contents of this and the number of signatures received will be reported verbally to this Committee.

4. Financial implications

Any cost associated with the consultation will be met from existing budgets.

Recommendation

The Committee is asked to NOTE the consultation responses given in appendix 1 and the further investigations undertaken (appendix 2) and being undertaken in response to them.

Background papers

Nil

Consultation responses received

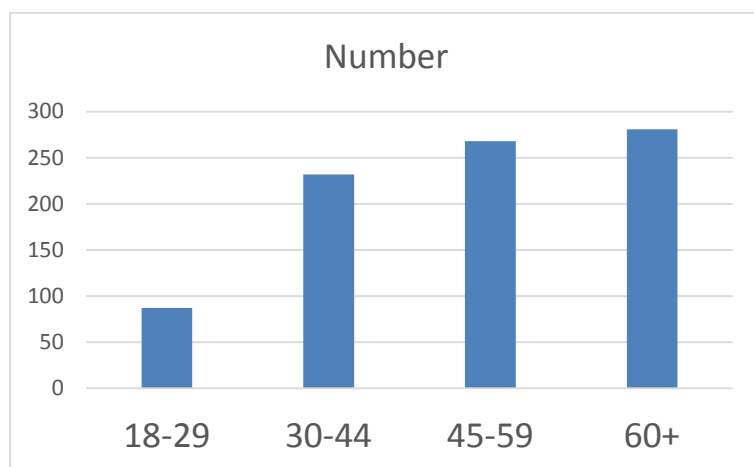
The following consultation responses were received:-

- 1037 consultation forms (979 online and 58 in hard copy form)
- 22 individually composed letters and emails

An analysis of who responded is given below:

Male	Female	Other / Not stated	Disabled?
389	471	277	87

The age range of respondents is given in the graph below:



An analysis of their interest in Beeston is given below:

Resident of Beeston	Business / work in Beeston	Regular visitor to Beeston	Other *
797	110	211	45

*mostly former residents of Beeston or people living in Nottingham / Stapleford

An analysis of the consultation forms is given below:

- What should happen to the town hall?

A – retain the town hall	B – convert it to residential	C – demolish	None of these options *	Total
499 (48%)	348 (34%)	63 (6%)	127 (12%)	1037

*mostly hybrid options involving retention in some form to varying degrees and with various uses

- If the town hall is to be retained in its current form, how should this be funded?

Cuts to services	Staff redundancies	Increase council tax	None of these (other ideas)	Blank
24	79	254	342	338

The consultation was deliberately designed to encourage suggestions for how any continued use of the town hall could be funded and also invited more general comments. The broad grouping of these suggestions and comments is given below; they amounted in total to around 50 sides of A4:

Suggestion/comment	Number	Possible response
Convert the town hall to a wedding venue/party venue/ rooms to hire/conference centre / place for wakes etc.	195	This is being further investigated, please also see the comments from two external Chartered Surveyors (appendix 2).
The town hall is iconic/a landmark/ should be listed/forms part of the civic core of Beeston / at least its façade should be retained etc.	134	Two of the three options put forward for consultation retain the external appearance of the town hall and its civic feel.
Convert the town hall to a theatre/arts centre/art gallery/ museum/use by charities/ community hub/evening class hub / tourist information centre / church etc.	115	It is very unlikely that a self-funding solution would be possible, in addition to running costs of c£100,000 per year some degree of paid staffing would also be required, to organise volunteers and ensure statutory requirements are complied with etc, unless a group of seriously interested individuals took on the responsibility to produce viable plans and proposals. Such plans and proposals could be invited. Please also see the comments from two external Chartered Surveyors (appendix 2).
Convert the town hall to an office/employment incubator centre.	71	Please see the comments from two external Chartered Surveyors (appendix 2).
The consultation itself was flawed/rushed/not publicised/ leading/had insufficient options and information/was approved at meetings to which the public had no access / was cynically timed over Christmas / was badly worded etc.	65	A typical consultation period would be 4 weeks; it was extended by 1 week to take account of Christmas and New Year. The high response rate suggests that many people were aware and participated. The free entry boxes gave good opportunity for those who objected to the options to propose others which this consultation demonstrates.
Convert the town hall to residential – perhaps social housing or for the elderly.	57	All options would need to be explored, depending on the Council's financial and social priorities. However, social housing is unlikely to achieve the best

		financial return at this particular site.
The business case to sell/demolish the town hall is flawed/overstates the savings etc./ the lift is fine and needs no replacement. <i>(the consultation document stated annual running costs of £100,000)</i>	52	A careful re-examination has been undertaken to check the “true” savings as opposed to just the present running costs. The savings are £85,000 - £95,000 per annum dependent on the eventual end use and consequent NNDR or Council Tax/New Homes Bonus secured. The lift does not meet the required DDA requirements for enhanced public access, the boilers are obsolete.
“One-off” suggestions for the town hall such as allow bands to practice in it/ recording studio / TV and film set/ hotel/ café/ spa/ swimming pool/gym /shops / youth hostel / men’s club/ decorate for Christmas and charge for tours / nursery / school / table tennis centre etc.	34	It would be time consuming and expensive to investigate all the possible “one-off” suggestions put forward. Some appear to be physically difficult (e.g. swimming pool) and some would probably have no market (e.g. recording studio or film set). Please also see the comments from two external Chartered Surveyors (appendix 2).
Give the town hall to the private sector / Beeston Civic Society/ community trust / one of the universities to run.	30	Plans and proposals could be invited. Please also see the comments from two external Chartered Surveyors (appendix 2).
Don’t waste public money on an old building / just sell it/flatten it.	29	This would yield significant financial savings.
Chop out council dead wood/ become more efficient / spend less on investigations / employ better procurement etc.	29	The Council is already considering a range of other proposals to become more efficient.
Cut the salaries/allowances of councillors and/or senior officers and/or the MP; sack specific councillors and officers (names withheld); pay staff no more than nurses.	27	Cutting the salary of the MP would not benefit the Council’s budgets. The Council is continually looking for and achieving efficiencies in its staffing arrangements.
Seek lottery funding / public donations/ philanthropic millionaire funding/ sell the trams for scrap/ increase fines for benefit fraudsters and fly-tipping/ seek sponsorship from Boots/ stop paying unemployment benefit / increase library fees etc.	26	Lottery funding may be a possibility for certain types of community conversion. Crowd funding may generate a small amount of funding. The other suggestions are either unlikely, appear to have other agendas or refer to other public agency functions.
General “political” and party	25	These are political matters beyond

political comments such as selling the family silver is no long term answer to austerity/ the Council is a victim of or is pandering to government policy/ the proposal to sell/demolish the town hall was not in any political manifesto/ tax the rich/ punish the bankers / change the government/ new Brexit vote etc.		the scope of an officer-written report.
The internal features (especially the staircase) should be preserved	23	Should members choose to sell the town hall then a covenant or long lease could be employed to protect the staircase; however this would restrict some development options and so reduce the sale price.
Sell Cavendish Lodge or Devonshire Avenue car park instead / sell the main council offices and move the staff into the town hall.	18	The sale of Cavendish Lodge is also under consideration and is not an alternative to any town hall proposal. The Devonshire Avenue car park may be required for retention as cinema car parking so sale at this stage would be premature. There is insufficient room to move the main council office staff into the town hall.
Increase council tax and/or car parking charges.	16	Either could potentially fund the town hall's retention should members choose.
Use the building for other public services such as a police station, the NHS or government offices.	15	This is very unlikely - the police station is already co-located in the council offices on a 15-year lease and the DWP have recently renewed the lease on their existing purpose-built building. All public-sector organisations are seeking to reduce their estate.
It's too close to Roundhill School to become residential.	5	Most schools are located in residential areas, so this comment is not fully understood.
Install solar panels and other energy efficiency measures to reduce costs.	4	With the significantly reduced feed-in-tariffs currently prevailing the payback period for the installation of solar panels is now in excess of 10 years. The town hall has very limited double glazing, but again this has a long payback period.
Merge with other councils to save money.	3	Many shared service arrangements are already in place and are being

		sought where there are financial and wider benefits to the council.
No more student accommodation.	3	All options would need to be explored, depending on the Council's priorities. However, student housing is unlikely to achieve the best financial return at this particular site.
Concern for the future and storage of the Council's archives	2	There may be scope for storage in other council buildings.

Letters and emails

A total of 22 individually composed letters and emails were received. A summary is given below. The attention of members is particularly drawn to a response received from Nottinghamshire County Council's Senior Practitioner Historic Buildings:

"I trust that Broxtowe BC consider that the Town Hall is a 'heritage asset' and as such will ensure that this is placed at the forefront of any consideration about the future of the building. It is a legal requirement for all local authorities and the guidance note was re-issued in 2017, link to this below:

<https://content.historicengland.org.uk/images-books/publications/managing-local-authority-heritage-assets/heag152-managing-heritage-assets.pdf/>

I recommend that you read this and remind anyone that is involved in the consideration of the Town Hall's future at Broxtowe of the requirements set out in this document.

Summary of letters:

Suggestion/comment	Number	Possible response
Convert the town hall to a theatre/arts centre/art gallery/ museum/use by charities/ community hub/evening class hub etc.	14	See previous table
The town hall is iconic/a landmark/ should be listed/forms part of the civic core of Beeston etc.	12	See previous table
Convert the town hall to a wedding venue/party venue/ rooms to hire/conference centre etc.	10	See previous table
Undertake a proper investigation of all options before making a decision	10	Further investigations have been undertaken (see appendix 2) and are being undertaken.
The consultation itself was flawed/rushed/not publicised/ leading/had insufficient options and information/was approved at meetings to which the public had no access / was cynically timed over Christmas etc.	6	See previous table
The internal features (especially the staircase) should be preserved	5	See previous table
Concern for the future and storage of the Council's archives	5	See previous table

General “political” comments such as selling the family silver is no long term answer / the proposal to sell/demolish the town hall was not in any political manifesto etc.	5	See previous table
Seek lottery funding / public donations	4	See previous table
The business case to sell/demolish the town hall is flawed/overstates the savings etc. <i>(the consultation document stated annual running costs of £100,000)</i>	3	See previous table
Sell Cavendish Lodge or Devonshire Avenue car park instead	3	See previous table
There is no active marketing of the existing ability to hire out rooms at the town hall	3	This is accepted, although it would mean staffing the facility at evenings and weekends and would also cause security concerns if widely used by a variety of groups.
Convert the town hall to apartments	2	See previous table
Raise council tax	2	See previous table
Become more efficient / reduce staff numbers	2	See previous table
Use the building for other public services such as a police station	2	See previous table
Convert the town hall to an office/employment incubator centre	1	See previous table
Keep the town hall as it is now	1	

Commentary from external Chartered Surveyors

Two companies have previously valued the town hall and they have been asked to provide a commentary on the public consultation responses made.

Initial response to public suggestions by Innes England**Alternative Uses**

There seem to be two types of uses – a commercial use and a community use; each will be considered in turn.

Commercial Use

The third of your suggestions from the consultation suggested ‘offices’ or an ‘employment incubator hub’. We had originally envisaged a further option of a ‘serviced office’.

The first solution will be an issue in our experience. There are few requirements for an office in the region of 10-15,000 sq ft. It might be possible to split the building into smaller suites – the demand we see is for around 2-5,000 sq ft. But the market is quite demanding – and generally requires good quality space, comfort-cooled and with decent communications. These require investment in the space – which we believe will be prohibitive.

If the work is done, then rents will (as we alluded to previously) be £7.50-£8.00 per square foot. But we also see tenants in this sector seeking maximum 5-year terms with a break at year three. You would likely have two or three tenants on different terms and having to run a service charge. The void holding costs and management costs would need to be factored in. It is unlikely that this would work commercially.

As an incubator hub – this will be more difficult to justify commercially. There are a number of competing schemes (notably at MediCity at Boots and in Nottingham city centre). These are specialist facilities which need an element of critical mass or speciality (as with BioCity and MediCity). They need mentors in place and they have a very high void rate and management intervention requirement. The Town Hall, in our view, will not have sufficient size to be able to grow into a viable business.

Although headline rents in the sector are £35psf+ these are not easy to achieve – and the void rates will reduce the figures very substantially. We consider that there is too much competition to make such a use viable. It is unlikely that the net rent for a long period of time would reach £42,500.

The alternative is a business centre or serviced office – where occupiers are able to take space on “easy in easy out” terms. We have seen a shift in this market and operators are generally not taking long term leases, but rather seek a ‘management contract’ where the landlord retains responsibility for the structure and the operator only takes responsibility for letting and collecting rents.

Although rents are high (typically £28-35psf) the void rate, Non-Domestic rates and management costs reduce this substantially. Staff are generally required to run the centre on a day to day basis, which makes the initial set-up cost prohibitive. We would consider this route to be financially risky for the Council and would not expect the net income to exceed £42,500pa.

Community Use

There are a number of options put forward which need to be considered. These can perhaps be sub-divided into uses which might be able to use the current structure (perhaps with some adaptation) and others which would require some major structural works.

There may be some uses which could use the existing building – your consultation raised:

- wedding venue
- party venue
- rooms to hire
- conference centre
- use by charities
- community hub
- evening class hub
- allow bands to practice in / recording studio

In our view these are not commercial uses. We accept that if a facility were available then such uses may emerge and want to use the space. But with a baseline rent to achieve of £42,500 and a necessity to recover the non-domestic rates of circa £25,000pa – the weekly income needed is £1,300. As most of the uses listed (possibly with the exception of a wedding venue) will be used to paying £20-30 per hour there would be periods when the uses would not work and so the prospect of finding say 50 hours per week consistently, would be improbable.

No staff costs or management are built in. In the case of charities, they, by their nature, will be seeking a reduction in commercial rates. This would not be a commercial decision.

Your consultation then raised some other uses which would probably require significant capital injection:

- convert to elderly accommodation
- recording studio
- hotel
- café
- swimming pool
- gym
- arts centre / art gallery / museum
- theatre.

In each case, there would need to be a detailed appraisal of the costs to convert the building. We did consider in our original report whether there might be an ability to extract value from the current building. We considered this to be unlikely and that the real value was in the redevelopment of the site.

The building is not sufficiently large to accommodate a hotel.

The costs of conversion to recording studio or swimming pool will be prohibitive for the end value.

The location, in our view, is unsuitable for a café.

A gymnasium will only occupy part of the building and we are seeing requirements for space of c. 2-3000 sq ft – but they need changing facilities / showers and the like.

The building might be suitable for an Arts use, but we are unsure how you would receive income (the Nottingham Contemporary is free to enter). Only part of the building would be suitable for a theatre and significant work would be required to make this work.

Many of these community type uses will require works to bring the building up to a standard which is unlikely to be commercially viable. In some cases matter such as fire precautions for a public building will be significantly higher than currently exists.

At the Nottingham Contemporary art gallery, significant investment was needed in the air handling / humidity control.

Conclusion

In our opinion the retention of the building and seeking an income in lieu of a capital receipt is a difficult concept. We do not consider that there are readily identifiable uses which will give the Council adequate and risk-free return.

There may be community type uses which can repurpose the building – but we are sceptical that they can provide an adequate, long-term, viable return financially. There may be a political will to do so, but it has little commercial appeal – in our view.

We hope that this brief addendum to our original report is sufficient for your current purposes, but if you do have any further queries please do not hesitate to contact the writer. For the avoidance of doubt our original limitations on liabilities apply.

Initial response to public suggestions by Hebs**OFFICES / BUSINESS SPACE USE****Traditional Office Accommodation**

We have considered traditional office accommodation within the Town Hall. On an existing 'as is' basis the accommodation would comprise very basic specification offices which would be situated around the main central core. On the above mentioned basis we believe that the estimated rental value (ERV) would be in the region of £5.00 per sq ft for the main useable areas with a lower figure being applied to the basement and second floor accommodation which is compromised.

A letting at the above level would derive a market rent in the region of £55,000 per annum (Fifty Five Thousand Pounds)

The likely demand for basic office accommodation in the centre of Beeston would be very limited and the buildings configuration would hinder splitting the accommodation due to the cellular nature of the premises. Should occupiers be found for the premises, lease terms in the region of 3-5 years would be achievable, however, in our opinion there would be a high turnover of tenants, large letting incentives and lengthy void periods incurred. The parking ratio will also be a major factor for occupiers and this won't assist with the letting prospects.

Refurbished Offices

Should the strategy be to completely refurbish the premises and upgrade the office accommodation throughout, there would have to be a significant capital expenditure committed. Should the refurbishment be undertaken and assuming it is to a Grade A / B standard, the likely achievable rent would be in the region of £9.00 - £10.00 per sq ft.

This would derive an estimated rental value of £97,500 - £107,000 per annum (Ninety Seven Thousand Five Hundred Pounds – One Hundred and Seven Thousand Pounds)

In order to achieve the estimated rental value, the standard of refurbishment would have to be to a high quality but once again in our opinion, there would be relatively limited demand and ultimately the refurbishment will be risky without a pre-let agreed.

The nature of the building and the construction would not be in keeping with modern day office requirements with most businesses requiring open plan floorplates opposed to cellular accommodation. The Town Hall will need significant works to provide large open plan floorplates with a lot of 'dead space' being within the central core. The building itself does not easily lend itself to splitting on a floor by floor basis and therefore you would be looking at leasing the building to one or two occupiers which further limits your target audience and end operators.

In addition to the above, the parking ratio is low in comparison to competing accommodation and this will impact on letting prospects.

Serviced Accommodation

The final potential office option for the building would be to split the premises into smaller suites in keeping with its nature and offer the building on a serviced office basis.

To create fully a serviced office, you would need to provide an 'all inclusive' figure which provides the tenant with a one monthly figure for their rent, business rates, utility bills, maintenance, insurance and general upkeep of the building. On the basis the refurbishment and facilities are upgraded to a serviced centre specification the likely achievable rent for the individual suites would be based on £15.00 per sq ft.

In order to achieve the above headline rent (which includes all tenants outgoings), you would need to upgrade the property internally and look at providing further common area facilities due to the high number of potential occupiers.

The main negatives of running a serviced centre would be the void periods and high turnover of the tenants. It will also be very management intensive to run and this may require someone working full time to run and manage the building. We do believe there would be tenant demand for some of the premises however there is competing accommodation within Beeston for this type of operation and this would impact on the supply of tenants.

The parking ratio will also be a hinderance to the letting considering the volume of individual businesses a service centre will attract.

ALTERNATIVE USES

We have considered potential alternative uses for the building and have provided basic commentary on some proposed uses:

Wedding Venue / Part Venue / Conference Facility

Due to the buildings characterful nature, it is not inconceivable the premises could work for a wedding venue, a party venue and conference uses.

The main perceived negative of such uses would be the intense management and marketing of the premises and combined with the unlikely nature that users hiring the premises will need to utilise all of the building and therefore dead space will be an issue. In addition to the above, the intensity of the user's when occupied and potential void periods would therefore not assist with preserving the building and repairs will be inevitable.

Theatre / Art Centre / Museum

Without soft market testing operators for the above user's we are unable to comment on the likely market demand.

The building itself and the first floor Council Chambers would provide suitable display areas/performance for the type of operations mentioned, however, the likely rental

value and intensity of the use in our opinion, would be limited. Should you require soft market testing in relation to this, please do let us know.

Incubator Centre

This type of use is in keeping with the serviced office statement we have made above and in our opinion the offices will have to be significantly upgraded to meet the specifications required and there will be a high turnover of tenants within what will be a very management intensive operation.

Incubator centres often require high levels of business support and this is another cost which will impact on the viability.

Elderly Accommodation

The building will require significant alteration and upgrading of facilities to provide elderly accommodation.

Should the proposed use be for meeting and community space for the older/over 55s sector then the ground floor of the premises would be suitable, but the likely rental return would be limited. Should the property be converted into care or retirement living, then this would require a significant capital expenditure to convert. The buildings location in proximity to the main town centre amenities would provide demand from this sector of the market, however, the conversion and viability of the development would need to be strongly considered prior to any decisions.

Hotel

Having worked as part of the project team surrounding the Square Shopping Centre redevelopment site, it has been initially proven that there is limited hotel demand for Beeston at present.

We have not soft market tested the smaller, niche operators, however, if this was something the Council were looking to run themselves, then we do not perceive it to be a viable conversion.

Gym

The nature of the building and limited car parking would not be in keeping with modern day gym requirements.

The credible gym operators require large open plan floorplates preferably with the entire operation on one floor. In addition, they require a large amount of dedicated car parking. With PureGym already in close proximity to the subject property we believe there would be very limited demand from a credible operator within this use sector.

Café

The building itself could be adapted at ground floor to provide a café facility but consideration would need to be given to alternative uses for the remainder of the

building as a café would only require a very small percentage of the floor area. In our opinion, a café operation in this location would not assist with maintaining footfall on the high street and would therefore have a negative impact on what is trying to be achieved within Beeston town centre itself.

CONCLUSION

As detailed above, we believe that although the building has most recently been used for office accommodation and could be refurbished to provide a higher specification office accommodation, there will be limited demand.

In addition to the limited demand, there would be inevitably large void periods and letting incentives to tenants which will impact on the viability of capital expenditure. A final point regarding the continued use of offices would be the car parking ratio is low and this will impact on letting prospects.

With regards to alternative uses, without committing to undertaking market testing, we believe that although the building is suitable for alternative uses the capital expenditure required to convert might make it unviable.

Should you require any further information in relation to the above named headings, please do let us know. **LIMITATION OF LIABILITY** For the limitation of liability this report is provided for the stated purpose and for the sole use of the named client.