

27-37 HIGH STREET SWANLEY ENABLING WORKS

CABINET- 6 AUGUST 2020

Report of	Strategic Head - Property and Commercial
Status	For Decision
Also considered by	n/a
Key Decision	Yes

Executive Summary:

Government's new £900 million Getting Building Fund (GBF) has been created to invest in local infrastructure projects to drive economic growth in the wake of the COVID-19 crisis. The South East Local Enterprise Partnership (SELEP) successfully secured £85m. *Meeting Point*, 27-37 High Street, Swanley (in SELEP documents referred to as *The Meeting Place*) has been allocated a grant of £1.49m. Government has imposed challenging terms to the grants.

To meet the Government's grant terms and challenging timetable, the Council will need to accelerate its delivery programme for this project. As a capital delivery budget has not yet been set for this project (a mixed-use scheme consisting of 17 residential units and a business hub) and there is an urgent need to mobilise consultants and undertake enabling works to meet the grant conditions imposed by Government, it has become necessary to seek Cabinet approval for the virement of funds. If this is not done, then grant funding will not be made available.

This Cabinet report seeks permission to vire funds within the Council's approved Capital Programme to facilitate an accelerated delivery programme. A subsequent report will be submitted to Cabinet and Council in October and November 2020 respectively to seek full approval for the project to proceed.

This report supports the Key Aim of building on the District's thriving economy through the regeneration of our market towns.

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Recommendation to Cabinet:

- (a) Cabinet notes the Government's imperative to stimulate local economies with the Getting Building Fund given the effects of the Covid-19 pandemic, and via the fund to support the delivery of capital projects through the Getting Building Fund that will promote the regeneration of town centres in deprived areas and create new jobs opportunities;
- (b) Cabinet welcomes the Government's Getting Building Fund announcement to allocate £1.49m grant funding towards the redevelopment of 27-37 High Street, Swanley, which will be administered via the South East Local Economic Partnership;
- (c) Cabinet notes the funding conditions set by Government, in particular the delivery timetable and the urgency imposed by government to ensure the project is delivered;
- (d) Cabinet approves the virement of £375,000 from the Property Investment Strategy in the Council's 2020/21 Capital Programme to allow the expenditure of consultancy and enabling works associated with the project;
- (e) Cabinet delegates authority to the Strategic Head of Property and Commercial in consultation with the Head of Legal Services and the Chief Officer Finance and Trading to enter into necessary contracts to facilitate the planning and development of the proposed scheme in accordance with the Council's Contracts Procedure Rules.

Introduction and Background

- 1 Following the Government's announcement that it would set up a Getting Building Fund (GBF), SELEP Directors met in July 2020 to review and recommend a list of projects that could be progressed quickly but would also stimulate and better integrate economies in some of the most economically impacted and Covid affected parts of the South East.
- 2 Government recently approved the project list put forward by SELEP and the council's project, the Meeting Point, is one of eight projects in Kent that will receive grant funding. This grant will be administered by SELEP and a detailed business case will need to be submitted in due course for approval.
- 3 A £1.49m Government grant has been earmarked and will be injected into this project subject to the Council meeting the grant conditions and obligations.
- 4 The Meeting Point Project, is located in Swanley, an area which is in need of regeneration and economic assistance. This project is a catalyst project aimed at transforming the area with much needed housing and a business centre that will promote job creation and enterprise formation in the local economy and generate footfall in the town centre.

- 5 On 3 December 2015 Cabinet granted approval for the demolition of redundant premises at the Former Swanley Working Men's Club, 18 High Street, 27-37 High Street and Bevan Place Car Park, Swanley. The intention was to redevelop the sites to generate income and capital receipts that could be reinvested and would also facilitate the regeneration of the town centre. The redevelopment of 27-37 High Street, Swanley, would therefore support the Council's Economic Development strategy and would also result in a higher performing asset in accordance with the Council's approved Property Investment Strategy.
- 6 In 2019 architects were commissioned to progress designs for the scheme and prepare a planning application. The scheme consists of a business hub and 17 residential units. The brief was to provide a new high quality, sustainable, mixed use development at this key gateway to the town centre, which would set high standards and help kick-start urban renewal essential to the wider development vision for Swanley.
- 7 The scheme (reference 19/03543/FUL) was approved by the Development Control Committee on 21/05/2020.

An Accelerated Delivery Programme

- 8 Following SELEP's shortlisting of the project and its recommendation to ministers in mid-July 2020, officers have carefully considered how best to deliver the project within the outlined timetable and conditions set by Government.
- 9 Government has clearly stated that projects must be delivered within the timetable it has set. If projects cannot meet the timetable, grant funding will not be made available and/or funding will be clawed back. Key milestones set by Government include a start on site early next year and completion by March 2022.
- 10 Officers had originally intended to submit the project for approval in November and commence design and enabling works soon thereafter. However, with the Government's recent announcement it is imperative that design and enabling works are commenced as soon as possible. Following discussions with our consultants, the envisaged delivery programme for the project is outlined in Appendix A and is deemed feasible.
- 11 As the project is not yet on the Council's capital programme, the virement of funds is necessary for the Council to appoint consultants and undertake enabling works.
- 12 The total budget for the project is estimated at £5.624m of which £375,000 will be needed to mobilise design and technical consultants and undertake enabling works. This expenditure is considered necessary to not only de-risk the project, but also to prepare robust tender documents for a design and build contract and a demolition contract.

- 13 Funding will be used to undertake further on-site investigations and surveys, appoint surveyors, architects, engineers, cost consultants, economic consultants other technical consultants to progress designs from RIBA Stage 3 to RIBA Stage 4+ and to prepare detailed construction tender documents. Additionally, a demolition contract will also be prepared and procurement exercises for both the demolition and build contracts will commence.
- 14 This revised programme will allow for a two-stage approval process by Council. Stage 1 (this report) is approval to vire funds and to undertake enabling works. Stage 2 approval would follow a report to Council in November 2020, where approval would be sought to proceed with the project once grant funding is fully approved by SELEP.

Procurement

- 15 Together with our consultants, officers have examined different procurement options to deliver the project within the timescales imposed by Government. As a result, a single Design & Build procurement with a pre-qualification questionnaire is considered the preferred procurement route for the main build and separate single stage procurement for the demolition works.
- 16 Waivers will be needed to appoint the design and technical consultants required to prepare the RIBA Stage 4+ documents and drawings, business case and tender documents and commission surveys. Quotations are currently being sourced from consultants to ensure benchmarking and competitive tension is maintained.

Project Costs and Funding

- 17 An outline project cost overview has been prepared, and the total project budget is estimated at £5,624,039.
- 18 Central Government considers this an important project to help with the post Covid-19 economic recovery and facilitate the regeneration of the sub-region. As a result it has approved an allocation of £1.490m from the BGF Programme via SELEP. The remaining capital (£4.134m) is to be funded from a mix of funding sources including capital receipts from the sale of units in the scheme and/or rental receipts.
- 19 The viability appraisal undertaken notes that the project is not viable without a grant. However, the economic appraisal suggests that the economic and regeneration outcomes will be of significant benefit to Swanley, and thus merits public funding intervention.

Other Options Considered

- 20 To meet the Government's timetable, there are no other options available to progress this scheme as the Council is unable to allocate funding without

Cabinet approval. If funding is not vired, the Council is unable to progress the scheme to a position where it will then not be able to draw-down grant funding. Without grant funding, the scheme cannot progress.

- 21 The alternative would be for the Council to seek alternative grant funding streams, but these sources are rapidly evaporating given the current economic climate and there is no guarantee that funding will be made available for this project.

Risk Assessment

- 22 A table outlining the key risks relating to this project are outlined in Appendix A.

Financial Implications

Details of the project's costs and funding will be the subject of a subsequent report to Cabinet and Council in October and November 2020 respectively.

In order to secure much needed GBF grant funding of £1.49m, a new provision will need to be made within the Capital Programme to facilitate enabling works.

It is proposed that this provision is made by viring £375,000 from the Property Investment Strategy, which was approved as part of the Capital Programme by Council in 25 February 2020. The remaining uncommitted balance on Property Investment Strategy provision is currently £21.5million.

Legal Implications

Grant funding from the GBF initiative is conditional on ensuring spend by the 31 March 2022 and in accordance with the SELEP Grant Agreement. It is noted that the SELEP Accountability Board will only meet and make a final decision on the 20 November, and hence the Council's decision to proceed with this project, as noted in this report's recommendations, is conditional on the receipt of GBF grant funding.

To ensure the revised programme can be met, the Council's procurement Standing Orders will need to be waived to procure and commission consultants and enabling works.

The Council's Financial Regulations, Appendix D para 2.25, states that Cabinet may authorise virement to other purposes provided the amount is within the approved annual revenue budgets and the approved capital expenditure programme, except that where the amount of any single diversion exceeds £500,000, the approval of the full Council is required.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is a positive impact on end users.

Conclusion

The Council has been presented with a unique grant funding opportunity. However, to secure a £1.49m GBF grant the Council will need to revise the project's delivery programme to meet the Government's timetable. This necessitates the need to accelerate design and enabling works for the project. This can only be achieved through the virement of funds from the Property Investment Strategy within the Council's approved Capital Programme.

Sustainability

n/a

Appendices

Appendix A: Indicative Project Timetable
Appendix B: Risk Assessment

Background Papers

- [Cabinet Report 3 December 2015](#)
- [Planning Permission 19/03543/FUL](#)
- Appleyard & Trew LLP (July 2020): 27-37 High Street Swanley, Procurement Report

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