1. EXECUTIVE SUMMARY

1.1 This report covers the existing Civic Complex and the proposed strategy and mechanisms for managing its disposal to ensure best consideration having regard to the historic integrity of the buildings and their locational and social significance in the Town.

1.2 A brief has been developed by Allies & Morrison which sets out the site’s planning potential. This document provides more detailed guidance for the options to re-use the existing buildings beyond the Planning Framework Document which was adopted in September 2017.

1.3 The potential for alternative uses of the Town Hall and Assembly Hall Theatre other than residential use has been investigated by GVA on behalf of the Council and these are outlined in the report. These include demand for the following uses to occupy a large quantum of the site or to become the predominant use.
   - Office (conventional letting or serviced office)
   - Hotel

1.4 And demand for the following uses to occupy a sizeable albeit lesser quantum of the site, perhaps subservient to a more predominant use.
   - Restaurant
   - Leisure (Has potential, albeit medium - low strength)

1.5 More specific uses such as healthcare, and educational purposes have been deemed by agents as plausible, but dependent on specific demand closer to the time of marketing.

1.6 Developers could seek to acquire the Civic Complex site as a standalone project as far back as 24-18 months prior to the earliest starting point for construction (in this case vacant possession). On the basis of the Council
vacating the Civic Complex during the first quarter of 2022 would mean disposal in 2020. This will allow time to undertake sufficient due diligence, optimise a scheme for planning.

1.7 The report states that overall the Town Hall and Assembly Hall site is expected to be desirable amongst developers and occupiers alike and has a low risk of sitting vacant for an extended period of time.

2 INTRODUCTION AND BACKGROUND

2.1 This report covers the existing Civic Complex and the proposed strategy and mechanisms for managing its disposal to ensure best consideration having regard to the historic integrity of the buildings and their locational and social significance in the Town.

2.2 For the purposes of this report the Civic Complex is defined as the Town Hall, the Assembly Hall Theatre, 9-10 Calverley Terrace and 30-36 Crescent Road, Royal Tunbridge Wells. The buildings are identified on the location plan at Appendix 1 attached to the Covering Report.

2.3 The Town Hall and the Assembly Hall Theatre form part of the Civic Suite of Buildings constructed in the late 1930s (with the exception of the library and museum building which was built later and opened in 1952). The fourth building in the Civic Suite is the Police Station. The Library and Museum building is currently in the freehold ownership of Kent County Council although TWBC is currently working with KCC to develop a brand new Cultural and Learning Hub at that location. The Police Station is in the freehold ownership of Kent Police (under the authority of the Police and Crime Commissioner) and the freehold titles of the Town Hall and Assembly Hall Theatre are owned by TWBC.

2.4 9-10 Calverley Terrace comprises an original pair of Decimus Burton villas which had been converted to office use in the past and are now becoming obsolete for office use without major refurbishment. The Council holds the freehold of this asset.

2.5 30-36 Crescent Road comprises a terrace of 7 Victorian mixed residential and retail units which are partly occupied and partly vacant. The freehold titles of these assets are held by the Council.

2.6 The Civic Complex buildings are situated within a conservation area and 9-10 Calverley Terrace, the Town Hall and the Assembly Hall Theatre (together with the Museum and Library and the Police Station) are Grade 2 listed buildings. Full Council has previously endorsed the design of the Civic Development Project comprising a new theatre on Great Hall Car Park, new offices on Mount Pleasant Avenue Car Park, a new underground car park under the offices and Calverley Grounds and new public realm space, through to RIBA Plan of Work Stage 3. The disposal of the Civic Complex assets will release capital to contribute towards the cost of the new development.
3 PLANNING BRIEF

3.1 A brief has been developed by Allies & Morrison which sets out the site’s planning potential. This document provides more detailed guidance for the options to re-use the existing buildings beyond the Planning Framework Document which was adopted in September 2017. It is attached as Report 3 Appendix 1 (Tunbridge Wells Town Hall and Assembly Hall Brief September 2017).

3.2 The brief is intended to highlight the possibilities for future adaptations but also to identify key aspects of the buildings which should be protected within any proposals in order to preserve the value and character of the buildings and their contribution to the wider townscape. Potential uses such as innovative workspace, business, academic use, hotel or residential use could all be considered as potentially suitable uses for the building (or a mix of any of the above), subject to demand from the market.

3.3 The site is currently operating as offices and a theatre. Alternative uses will require planning permission. This could be achieved through a change of use application (where the building itself is not altered) or via a detailed planning application (where the building will be altered). As listed buildings, the properties are not capable of achieving outline consent.

3.4 The Council is partly driven by a desire to generate a maximum capital receipt. Reports that have been submitted and considered by Full Council for the earlier RIBA stages have included feasibility studies exploring the options for a potential sale of the Civic Complex.

3.5 Previous advice provided by GVA has stated that a disposal on the basis of a predominantly residential led redevelopment would generate the highest value. This was reaffirmed through a soft market testing exercise undertaken in Q1 2017. However, it is acknowledged that reuse of the property for certain commercial uses could satisfy place making objectives / benefit the wider community and deliver returns to the Council through retained business rate growth.

3.6 The potential for alternative uses of the Town Hall and Assembly Hall Theatre other than residential use has been investigated by GVA on behalf of the Council. Their report is attached as Report 1 Appendix 2 (GVA Civic Site Alternative Uses Report September 2017)

3.7 The report suggests that there is demand for the following uses to occupy a large quantum of the site or to become the predominant use.
  - Office (conventional letting or serviced office)
    - Mixed use developers confirmed their interest in providing offices over part of the site as part of a mix with residential space. Both have cautioned that their interest would depend on the viability and state of the market at the time, but have highlighted that strong residential values over part of the site may help subsidise some of the less valuable office accommodation.
Discussions with specialist office developers, and operators of serviced offices have confirmed interest in undertaking office development siting the popularity of the town and the future lack of supply as a key driver and the emerging trend of modern-day office tenants who desire more flexible terms. Crucially, the serviced office business model seeks to achieve rental premiums beyond usual market rent by offering tenants greater flexibility.

- **Hotel**
  - The Town Hall could accommodate 70-90 bedrooms. This is a relatively popular space requirement amongst operators. The Town Hall's existing configuration of cellular offices and a central corridor also lends itself well to a conversion to hotel use. The Assembly Hall's configuration as a theatre would require a comprehensive redevelopment to accommodate hotel bedrooms. GVA highlighted that 3 of the UK's five key operators have confirmed a requirement to locate within Tunbridge Wells.

3.8 The report further suggests that there is demand for the following uses to occupy a sizeable albeit lesser quantum of the site, perhaps subservient to a more predominant use.

- **Restaurant**
  - Mixed use developers confirmed that the reuse of the Assembly Hall lobby area should work well for a restaurant (A3) considering its interesting design and optimal size. The size is larger than typically demanded by café operators.

- **Leisure (Has potential, albeit medium - low strength)**

- **More specific uses such as healthcare, and educational purposes have been deemed by agents as plausible, but dependent on specific demand closer to the time of marketing. The configuration and location of the site lends itself well to these uses, but demand is less frequent and forecasts for such a use are less reliable.**

3.9 The potential uses stated above are deemed possible, subject to viability. The buildings will require refurbishment or redevelopment to accommodate the majority of uses. Developers / occupiers seeking to reuse the site will need to factor this cost into their business plan. The market for both construction costs and sales values (for all use types) will undoubtedly change over the next five years (when vacant possession is anticipated) and the report therefore suggests viability of the options will need to be further appraised by a valuer/active agent at a closer point to disposal.

3.10 The report states that overall the Town Hall and Assembly Hall site is expected to be desirable amongst developers and occupiers alike and has a low risk of sitting vacant for an extended period of time.

3.11 It is envisaged that 9-10 Calverley Terrace is brought forward with the main Civic Complex buildings. There is also a potential for the Police Station (which is in separate ownership) to be considered as part of any integrated scheme.
4 TIMING FOR DISPOSAL

4.1 The timing for the disposal of the Civic Complex assets impacts on the open market value of the assets. The intention is to dispose to achieve best consideration in accordance with S123 of the Local Government Act having regard to the significance of the Town Hall and Assembly Hall Theatre as part of a group of listed buildings and as important assets to the town. The potential future uses for these assets have been identified above but, as stated, the date for vacant possession is too far into the future to confirm the exact future use or the open market value of these assets. Both the 30-36 Crescent Road asset and 9-10 Calverley Terrace are not part of the suite of Civic Complex buildings and therefore can be disposed of independently and earlier than the Town Hall and Assembly Hall Theatre if this would assist in achieving best consideration.

4.2 There is however an opportunity to bring 9/10 Calverley Terrace forward with the main Civic Complex buildings if a deal to include the Police Station would assist in achieving best consideration.

4.3 The Planning Framework document contains supporting policy principles to ensure that the historic integrity of the Town Hall and the Assembly Hall theatre are maintained with the Museum, Library and Police Station and to indicate acceptable repurposing of the buildings to ensure that they do not sit vacant but can be converted for alternative use.

4.4 The viability analysis undertaken to date indicates that conversion to residential is the most financially viable option for these buildings, but it is accepted that there are alternative uses to which the buildings may be repurposed.

4.5 The opportunities presented by the potential for 9/10 Calverley Terrace to form part of a wider site, either with the Police Station or with the Police Station and the Town Hall and Assembly Hall theatre should be explored with a view to acquiring the Police Station if this presents the opportunity to dispose for an improved consideration. It should be noted that the Police station is not necessary to enable the disposal or redevelopment of the other assets and therefore would not form a ransom situation, but a complete site may be of interest to potential developers and may yield a higher capital receipt overall. The possibility for acquisition should therefore be explored with the timing for disposal influenced by those explorations.

4.6 There is an opportunity to explore the delivery of a development and see a financial return on 30-36 Crescent Road in advance of the other sites being brought to market. This could be either directly by the Council or through disposal on the open market after a planning application has been secured. The asset sits independently from the other Civic Complex assets and is currently 50% vacant, placing pressure on the Council to either investigate further temporary lettings or to bring the disposal forward.
5 MARKET DISPOSAL AND PROCUREMENT

5.1 Soft market testing has been undertaken. And is summarised in Exempt Report 3 Appendix 1: GVA Civic Site Alternative Uses Report September 2017. Feedback suggests that developers could seek to acquire the Civic Complex site as a standalone project as far back as 24-18 months prior to the earliest starting point for construction (in this case vacant possession). On the basis of the Council vacating the Civic Complex during the first quarter of 2022 would mean disposal in 2020. This will allow time to undertake sufficient due diligence, including consideration of any existing licences and leaseholds, optimise a scheme for planning, undertake the planning process and procure a contractor. Addressing this time frame well in advance will be key to mitigating the risk of the site sitting vacant. The table below gives an approximate timetable to progress the disposal of the site.

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5.2 To achieve best value on the Civic Complex, the opportunity should be de-risked for a developer in planning terms. Efforts should be made to support the principle of the future use, and the 'enabling development' argument of subsidising the wider Civic Development cost.

5.3 In terms of pre-marketing information, respondents requested that the Council provide accurate, measured floor plans, an asbestos register and a recent structural survey to allow bidders to accurately price their future bids.

Civic Complex procurement/disposal options

5.4 Assuming the Civic Complex is decoupled from the other developments and is undertaken by a developer as a standalone project the Council should consider the following options. Given the limited size of the opportunity there is likely to be very little interest if this is procured through an OJEU procurement process.

- **Informal tender (land sale)** – A relatively quick and effective way of generating best value from the disposal of the site. It will be popular amongst bidders and will generate plenty of interest. The risk is a lack of control over the speed, quality and ultimate direction of the site’s future development. Although its end use can be restricted to a degree by the
confines of planning policy and listed building status. The Council could also adopt the use of restrictive covenants or overages to impose more control on the purchasers.

- **Development Agreement** – This route is likely to be preferable because it provides a greater degree of control. A building lease could be granted for the development period once planning and other conditions have been met, with the freehold/long leasehold interest being transferred to the developer at practical completion. Under this route, it is important that the terms of a development agreement are not too controlling (i.e. obligating the developer to be explicit with the build and time frames) so as to avoid triggering an OJEU compliant procurement process (i.e. obligating the developer to be explicit with the build and time frames) which would limit interest from the market due to the relatively small lot size.

### 6 KEY RISKS

6.1 The key risks are summarised as:
1. the buildings do not achieve the capital receipt anticipated;
2. the buildings are sold and then not developed out;
3. their historic integrity is compromised;
4. their repurposed use does not contribute to the place-shaping of the Town;
5. the timing for disposal does not ensure best consideration;
6. The full option cost of remaining in the Town Hall and Assembly Hall Theatre either as the status quo or with refurbishment is more cost effective to the Council than vacating, disposing and developing the Civic development Project.

### 7 CIVIC COMPLEX VALUE

7.1 An exempt report titled Indication of Value: Existing Civic Site is included in the redacted Stage 3 documents and attached is attached Exempt Report 3: Civic Complex Appendix 2: Exempt Civic Site Report indication of Value. The report provides an indication of the value for the Civic Complex assets reflecting the fact that they will come to the market in the future.

**REPORT APPENDICES**

The following documents are to be published with and form part of the report:
- Report 3 Appendix 1: Tunbridge Wells Town Hall and Assembly Hall Brief September 2017.
- Report 3 Appendix 2: GVA Civic Site Alternative Uses Report September 2017