



## Mayor and Cabinet

**Report title: LUF Project 2 - Lewisham Library (new Business & Culture Hub)**

**Date:** 12 June 2024

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** Lewisham Central

**Contributors:** Capital Programme Delivery, Legal Services, Chief Accountant

## Outline and recommendations

This report updates Mayor & Cabinet on progress with delivery of Levelling Up Fund (LUF) Project 2 refurbishment of Lewisham Library to deliver a new Business and Culture Hub. The refurbishment will provide a flagship cultural and civic space to attract visitors and address the acute lack of office space for SME's. It will upgrade facilities for the library and archives service and expand the library's hospitality offering to help activate the day and night-time economy across the town centre. The refurbishment of the building will also address the required health and safety, mechanical, electrical, plumbing, fabric, DDA, compliance and sustainability issues.

It is recommended that Mayor & Cabinet:

- Approve Officers to undertake a procurement exercise to find a suitable Main Contractor to deliver the refurbishment works to the value set out in the Part 2 report using the procurement process set out in this report.
- Approve the award of contract to the preferred contractor to deliver the refurbishment works provided the contract value is within authorised limits set out in the Part 2 report.
- Delegate authority to the Executive Director for Place (in consultation with Director of Law and Corporate Governance and Senior Programme Manager) to select the preferred contractor in accordance with the selection and award criteria published in the tender documentation and agree final form of contract.
- Note the change in scope of the project with the removal of the rooftop bar for reasons outlined in this report.
- Declare the non-strategic asset at 315 Hither Green Lane, the Library Resource Centre, as surplus to requirements and authorise its disposal.
- Delegate authority to the Executive Director for Corporate Resources, in consultation with the Executive Director for Place, to agree the terms of disposal of 315 Hither Green Lane, the Library Resource Centre.
- Ring fence any capital receipt from the sale of 315 Hither Green, Library Resource Centre, for the LUF Programme budget, specifically Project 2 Business and Culture Hub.

## Timeline of engagement and decision-making

4 May 2023 – Executive Director of Corporate Resources approved officers to undertake a procurement for a suitable lead consultant to undertake and deliver the Lewisham Library refurbishment project through RIBA stages 1-7 to take forward the commitments outlined in the LUF bid application; and granted permission to utilise the GLA Architecture + Urbanism Framework (A+U) using lot 5 Civic, Cultural and Social Infrastructure.

19 July 2023 – Mayor & Cabinet approved the appointment of Architecture 00 as the Architect-Led Lead Consultant to undertake and deliver Lewisham Library refurbishment project.

1 November 2023 – Mayor & Cabinet noted progress across the LUF programme and approved officers to undertake procurement exercise for projects 1 & 3 (street realm and market).

May 2024 - Local Ward Councillors have been informed with regards to the proposed disposal of 315 Hither Green Lane (Library Resource Centre) in accordance with the Council's Constitution.

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## 1. Summary

- 1.1 In February 2023 Lewisham Council was awarded £19m to revitalise Lewisham Town Centre, after successfully bidding for money from the Government's Levelling Up Fund (LUF). The funding will be used for improvements to the town centre, combined with £5m of additional match funding from the Council. The funding will be used to deliver three elements – transformation of the market, public realm improvements and refurbishment of Lewisham Library into a new culture and business hub.
- 1.2 This reports relates to the refurbishment of Lewisham Library which will provide a flagship cultural and civic space to attract visitors, and address the acute lack of office space for SMEs. It will upgrade facilities for the archives service and expand the libraries hospitality offering to help activate the day and night-time economy across the town centre. The refurbishment of the building will also address the required health and safety, mechanical, electrical, plumbing, fabric, DDA, compliance and sustainability issues.
- 1.3 The report gives an update on progress in delivering the new Business and Culture Hub at Lewisham Library, including a change in scope to remove the rooftop bar, for reasons set out in this report.
- 1.4 This report seeks approval to procure and award a suitable Main Contractor to deliver the refurbishment works and delegated authority to the Executive Director of Place to select the preferred contractor following the procurement exercise set out in this report.
- 1.5 The report also seeks approval to declare 315 Hither Green Lane (the Library Resource Centre) surplus to requirement and authorise its disposal, with delegated authority to the Executive Director of Corporate Resources, in consultation with the Executive Director of Place, to approve the terms of the disposal. The expected capital receipt from the sale of this asset forms part of the LUF Programme budget and is recommended to be ringfenced as match funding for the Project 2 element.

## 2. Recommendations

- 2.1 It is recommended that Mayor & Cabinet:
  1. Approve Officers to undertake a procurement exercise to find a suitable Main Contractor to deliver the refurbishment works to the value set out in the Part 2 report using the procurement process set out in this report.
  2. Approve the award of contract to the preferred contractor to deliver the refurbishment works provided the contract value is within authorised limits set out in the Part 2 report.
  3. Delegate authority to the Executive Director for Place (in consultation with Director of Law and Corporate Governance and Senior Programme Manager) to select the preferred contractor in accordance with the selection and award criteria published in the tender documentation and agree final form of contract.
  4. Note the change in scope of the project with the removal of the rooftop bar for reasons outlined in this report.
  5. Declare the non-strategic asset at 315 Hither Green Lane, SE13 6TJ, the Library Resource Centre, as surplus to requirements and authorise its disposal.
  6. Delegate authority to the Executive Director for Corporate Resources, in consultation with the Executive Director for Place, to agree the terms of disposal of 315 Hither Green Lane, the Library Resource Centre.
  7. Ring fence any capital receipt from the sale of 315 Hither Green, Library Resource Centre, for the LUF Programme budget, specifically Project 2 Business and Culture

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Hub.

### 3. Policy Context

3.1 This report aligns with Lewisham's Corporate Priorities, as set out in the Council's [Corporate Strategy \(2022-2026\)](#):

- Cleaner and Greener
- A Strong Local Economy
- Quality Housing
- Children and Young People
- Safer Communities
- Open Lewisham
- Health and Wellbeing

3.2 In particular, this report is closely aligned to the following 'Strong Local Economy' priorities:

- We will invest in our high streets and create more pedestrianised spaces, doing what we can do ensure our borough is the best place in London for entrepreneurs to start their businesses.
- We will actively work to attract jobs and businesses to Lewisham, building on the success of Lewisham Works and creating more spaces for pop-up stores and markets in shops that are temporarily empty

3.3 The Draft London Plan recognises the role libraries play in providing valuable public spaces that improve access, inclusion and safety and diversify the range of night-time activities in the town centres to support the night-time economy (Policy HC6 'Supporting the night-time economy').

3.4 The replacement of the mechanical, electrical, and plumbing systems is consistent with the Council's energy policy, which was agreed at Mayor and Cabinet in July 2014, and more recently the Council's commitment to the borough being carbon neutral by 2030 and the development of the Climate Change Action Plan. The library refurbishment works will contribute to these commitments by considerably reducing heat loss by improving the roof structure and replacing the windows and reducing carbon emissions by replacing the heating system with a new decarbonised heat recovery system.

### 4. Background

4.1 In February 2023 Lewisham Council was successful in securing £19m to revitalise Lewisham Town Centre, after successfully bidding for money from the Government's Levelling Up Fund (LUF). The funding will be used for improvements to the town centre, combined with £5m of additional match funding from the Council.

4.2 The LUF funding will be used to deliver on the commitments of the bid application across three projects. This report relates to Project 2, the renovation and refit of Lewisham Library to create a new culture and business hub and safeguard the future of this vital local service. The renovations will include improved library, heritage and archive spaces; community space; a new business hub offering flexible office space, meeting rooms and workspaces; and new improved hospitality facilities to boost the day and night time economy.

4.3 The bid also supported improving the sustainability of the building through various

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interventions. Heat loss will be reduced through replacement windows, new roof coverings, insulation and so on. A new VRF heat recovery heating system will help to reduce carbon consumption.

- 4.4 Lewisham Library (199 – 201 Lewisham High St, SE13 6LG) sits at the southern end of Lewisham town centre and has been owned and operated by the Council since around 1990. It is the only sizeable building in the town centre owned by Lewisham Council. The building was previously a BT exchange believed to have been built in the 1960's, and has always been considered the council's central and main library. Due to limited available funding in recent years and uncertainty over the future of the building, Lewisham library has lacked the financial investment required to fully maintain or upgrade the building fabric and M&E services, all of which are showing their age. This has resulted in essential maintenance works now being overdue and has identified other new improvements required to allow the library to be fully functional and deliver its full potential
- 4.5 Architecture 00 were appointed in July 2023 to be Lead Consultants, managing a multi-disciplinary team to design and manage the delivery of a new Business and Culture Hub through RIBA stages 1-7.

## 5. Business and Culture Hub – progress update

- 5.1 The project is following the [RIBA Plan of Work](#) to deliver the new Culture & Business Hub. **Work Stage 1** (Preparation and Briefing) was undertaken over an 8-week period between August-October 2023. During this period the project brief was tested and the design approach identified. **Work Stage 2** (Concept Design) was undertaken over an extended 15-week period between October 2023 and January 2024. Work Stage 2 took longer than anticipated to complete due to the need for greater design iteration with staff, external stakeholders and potential operators. **Work Stage 3** (Developed Design) has also been undertaken over an extended period between January-June 2024. This extension has been caused by challenges in completing and reporting some of the investigative site surveys, triple pre-election restricted periods (Mayor of Lewisham, Mayor of London and General elections), more intensive design iterations with the service, and the referral to the external Design Review Panel by Planning. It is intended that **Work Stage 4** (Technical Design) commence in July 2024 following the formal submission of the planning application.
- 5.2 The first pre-application meeting with Planners and Urban Designers took place in January 2024. In their formal response, they strongly supported the ambition for the Hub in planning policy terms and it was felt that this has been broadly realised within the internal building layouts, reflecting the extensive stakeholder engagement that has been undertaken to date. Further considerations regarding the external façade and main entrance have been worked through by the Lead Consultant, as part of the revisions at Work Stage 3.
- 5.3 A peer challenge of the designs for the Hub took place at the Design Review Panel in March 2024. The presentation by our Lead Consultant was well-received, with constructive feedback and some recommendations for further exploration. These included the base façade design, and the configuration of the Ground Floor, particularly where the café, performance space and main entrance intersect. The Lead Consultant has worked with the client on how best to take these recommendations forward against operational service needs and existing budgetary constraints.
- 5.4 A series of investigative surveys and assessments were undertaken on-site between

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December 2023 to April 2024. These included superstructural and geotechnical surveys, an asbestos refurbishment and demolition survey, CCTV drainage survey and a fire safety assessment. Surveys have found that the slab and beam capacity appears lower than would be required for the 3<sup>rd</sup> floor archives and could require strengthening. Column capacity was also found to be very close to its limit at the bottom of the building and strengthening works may need to be considered. Localised repair works will be required at roof level where existing reinforcement to the beams has corroded due to water ingress. A concrete specialist will be engaged to establish the scope and extent of the necessary repair works.

- 5.5 The Lead Consultant, Architecture 00, and Public Works have been working with targeted stakeholder groups in different formats since Work Stage 2. This co-design approach has given influence and voice to over 30 local advocacy groups, ensuring their needs are identified and considered, and that emerging design ideas are thoroughly tested with them. These groups include Positive Ageing Council, Lewisham Youth Theatre, Lewisham Black VCS Network, Deaf and Disabled Commission, Mayor's Young Advisors, Lewisham Local and local schools. Library staff have also been extensively engaged throughout this design iteration process.
- 5.6 The official launch of the wider public engagement by the Mayor of Lewisham, took place at Lewisham Shopping Centre in March 2024. This wider engagement on the LUF programme included an exhibition, public drop-in sessions and an online survey. Results of this wider engagement have informed the design process and will be included in the planning application.
- 5.7 An extensive period of soft market testing with potential operators of the workspace, café and rooftop bar was undertaken between June 2023 and January 2024. This comprised 25 local site visits to better understand the design and commercial operations of their businesses. This intelligence gathering has informed the design iteration process, and is helping to ensure that their requirements are considered throughout delivery of the new Hub.
- 5.8 In April 2024 our Lead Consultant issued a Request for Information (RFI) to targeted third-party operators to collate follow-up data in a more uniform and structured way. This also tested market interest in operating the different spaces within the Hub. A series of 'deep-dive' workshops with selected operators took place in April 2024 to run through the developed design, financial expectations and approach to partnership working.
- 5.9 Partnering Regeneration Development (in association with REDO) were also commissioned to provide a level of strategic assurance that is directly informing the decision-making for this project. This work is focused on modelling the financial and operational aspects of the Hub and includes commercial return, social value, staffing requirements, building management and risk. They have reported back on the viability of different operating models, which will help develop the preferred option.
- 5.10 Following submission of planning in early July, the next stage of work will include Work Stage 4 (Technical Design), development of procurement documentation and IT considerations.

## **6. Amended scope – rooftop bar**

- 6.1 The LUF programme bid stated that the Culture & Business Hub would provide a flagship cultural and civic space, alongside a new hospitality offer to include a rooftop

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bar. The proposed facilities included a “rooftop terrace and bar with panoramic views”, which would comprise 230 SQM of community/cultural space and 60SQM of hospitality/commercial space. Potential programming included film screenings, DJ sets, silent disco, and sports activities such as yoga. The rooftop bar is embedded in the outputs and outcomes that were identified in the bid, as follows:

- Hospitality space created, with ground floor café and rooftop bar (output)
- Increase in consumer spending with new rooftop bar and cultural space stimulating the night-time economy (outcome).

6.2 Early design work on the rooftop bar has necessitated intrusive structural surveys to understand the ability of the existing building to accommodate an additional storey. Unfortunately these surveys have found that strengthening works are likely required to both frame and stability systems, as well as potentially the foundations. Column capacity is very tight to limits at the bottom of the building and strengthening works will need to be considered. The stability system for the building may need to be upgraded if a full-scale bar is delivered on the rooftop due to increase in wind catchment. The costs for this additional structural intervention are estimated at this stage to be around £1.5m, which also includes extending the stair and lift cores, back of house facilities, bar fit out, toilets, and mechanical and electrical works. This £1.5m is not in the current LUF budget for Project 2. The £1.5m cost to deliver the rooftop bar equates to £3,850/m<sup>2</sup>. This compares to a benchmark allowance of £2,993/m<sup>2</sup> (see Building Cost Information Service for public houses/licensed premises in Lewisham, rebased to Q1 2024). Essentially, it's almost 30% more expensive to locate a large extent bar on the rooftop in the Hub than in other typical locations across Lewisham.

6.3 The required structural works to deliver a rooftop bar add complexity to the project, which risks accelerating the Project 2 costs and increasing the delivery timeline. As a grant funded project with a tight budget and deadlines, there is little contingency for increased risks, unknowns and complexity. Risks include:

- Further development of the design, tying into the existing structure, weight loading, wind loading, etc could increase the costs over and above the £1.5m assumption.
- There is an issue to be resolved around access to the roof top bar. Currently there is an allowance to extend the existing lift shafts which is feasible but needs investigation; and one of the stair cases would likely need rebuilding at the top level. Omitting the rooftop bar eliminates this risk and potential further cost increase.
- The contractor will require access for materials to the rooftop area, this will necessitate longer duration that the building will be scaffolded, potential road closures for crane lifts and hoists. This exposes the project to delays for approvals of road closures and a Health and Safety risk to the public when access work is undertaken in the public realm. It will also impact on the other LUF project which will need to coordinate delivery of the pocket park in Limes Grove with the library works.
- The complexities of undertaking an airspace extension could increase the overall programme increasing preliminaries costs, fees and financing costs. The client is exposed to risk for delay and prolongation claims should any further latent issues arise during construction.
- The rooftop extension will require planning and delays in planning could increase the overall duration for the project increasing costs through additional fees, in addition increasing the restrictions on the development through additional pre-commencement conditions. There may also be objections from nearby residents.
- Whilst we have seen some 'settling down' in the market, the market is still cautious when it comes to high-risk projects. The works on the roof will increase complexity and the perceived risk the contractors will be taking, limiting our pool of potential tenderers and therefore also increasing costs through reduced competition.

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- 6.4 The rooftop bar is also likely to increase operational costs for CCTV, fire safety, security, cleaning and waste removal, repairs and maintenance and building insurance. A more complex building management and increased levels of programming will also require additional staffing, over and above statutory service provision.
- 6.5 Legitimate market interest in operating the rooftop bar is unclear. Anecdotal feedback during soft market testing indicated some positive interest, however the next stage of soft market testing has had a weak response from existing bar operators, with the only interest coming from workspace or café operators. We were unable to secure any bar operators to attend the deep-dive design workshops that were conducted in April 2024.
- 6.6 Partnering Regeneration Development (in association with REDO) were commissioned to provide a level of strategic assurance, focused on the financial and operational aspects of the Hub rather than the design. In their report issued on 14th May, they indicated that it was financial unviable for an operator to deliver a standalone rooftop bar, and receive payback on their capital investment over 3-5 years. If an operator were to take-on the entire building (rooftop bar, café and business hub) the operator fit-out would be £950k. Again it is unlikely that would be prepared to invest all of this capital due to the significant risk that income numbers won't be achieved. This would require the full-scale bar to accommodate 250 people, spending £15 per head, 365 days per year.
- 6.7 Whilst iterative co-design activity with targeted stakeholder groups has been ongoing since RIBA Work Stage 1 (led by Public Works), wider public engagement on the LUF projects took place during March and April 2024. This wider engagement included an exhibition, drop-ins and an online survey. Survey results indicated that a visit to the rooftop bar was the most likely activity that respondents would undertake at the new Hub. However, when asked to rank seven features of the Hub in terms of importance (should budgetary pressures curtail delivery), the rooftop was ranked 4th out of 7 for importance based on a respondents first choice. Additional environmental building improvements, a cultural performance space and a more luxurious finish inside and out all ranked higher than the rooftop bar. When taking respondents 1st, 2<sup>nd</sup> and 3<sup>rd</sup> choices into consideration, the café was the most important feature, with the rooftop bar still ranking in 4<sup>th</sup> place.
- 6.8 On the basis of the uncertainty, risk, and unfunded additional cost set out above, a decision was taken by EMT on 22 May 2024 to remove the rooftop bar from the scope of Project 2.
- 6.9 The decision to remove the rooftop bar from project scope will require approval from DLUHC. Any material changes to the project that results in a change to scope, budget or outcomes may require the submission of a Project Adjustment Request (PAR) to DLUHC for assessment. Informal discussion with DLUHC has confirmed a PAR will be required but they have stated that the removal of the rooftop from scope would likely be agreed on the basis it will help de-risk the overall project and allow us to focus on the delivery of the other elements of the building. The viability of the rooftop has also been considered in the context of other night-time offer within the town centre including the activation of the market canopy and programming of cultural and community events in the library café and forum. Notably Landsec have their own ambitious designs for Lewisham Shopping Centre which support evening economy outcomes. Of particular note is their plan for a new 500-capacity late-night music venue on Engate Street, opposite the Hub. Whilst at an early development stage, a rooftop bar is also being proposed for this building. The most optimistic delivery plan would see this new venue opening in Autumn 2027. This venue could contribute to the desired outcomes of the

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LUF programme through increased town centre footfall, promoting a night-time economy and job creation for local residents.

## 7. Procurement of Main Contractor for the refurbishment works

7.1 This reports seeks approval to procure a Main Contractor to undertake the refurbishment and fit-out of the new Business and Culture Hub. The proposed works include:

- Asbestos removal and necessary remediation works
- Internal layout reconfiguration including new Forum staircase
- Replacement toilets and new café
- New internal finishes, flooring, ceilings and decoration
- Replacement passenger and goods lifts
- Removal of internal disused escalator
- Replacement roof and solar PV panels
- Replacement heating, small power, distribution, lighting, plumbing, security, and life safety systems
- IT infrastructure
- Replacement windows
- External insulated cladding
- Bespoke furniture and fittings

7.2 The works will be procured externally because the Council has neither the skills nor capacity to deliver such construction works. Setting up the required infrastructure to enable this function does not represent good commercial or practical sense, given the nature, complexity and scale of the works. The Council will deliver in-house other elements required to successfully undertake and maintain the works, including: project management, clienting, stakeholder management, and ongoing asset and latent defect management.

7.3 The value of the works mean the contract is classified as a Category (A) contract under the Council's Contract Procedure Rules. Officers will carry out a competitive tender process advertised on the London Tender Portal, Contracts Finder and Find A Tender Service.

7.4 Bidders will be asked to submit a description of their proposals in the form of method statements, in order to test their understanding of the Employer's Requirements. The criteria for evaluation will be weighted 45% financial, 55% quality (including 10% social value). The contract will be awarded to the highest scoring compliant bidder.

7.5 The proposed timetable for the procurement and delivery of the works is as follows. This is subject to change as the project progresses through RIBA WS4 and the tender process.

Activity	Date
Tender Issued	October 2024
Tender Return Deadline	December 2024
Tender Evaluation Period	January 2025
Moderation Date	January 2025

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Contract Award date	February 2025
Earliest Contract Commencement	March 2025
Works commence	April 2025
Works complete / Business and Culture Hub opens	May 2026 / June 2026
End of defects	May 2027

- 7.6 It is expected that the works will take around 12-14 months (or as per final agreed programme), and the pre-tender estimate for the works is outlined in the Part 2 report.
- 7.7 It is anticipated that a contract from the JCT suite will be used, amended to incorporate the Council's standard clauses.
- 7.8 This report seeks approval to award from Mayor and Cabinet and to delegate to the Executive Director for Place to select the preferred contractor provided that it is within the contract value set out in the Part 2 report and in accordance with the selection and award criteria.
- 7.9 The main works contract outlined above will include some bespoke and built-in furniture such as reception desks, laptop bars and wall mounted book cases. In addition 'loose' furniture will need to be procured, including moveable book shelves, tables and chairs, study booths, children's library furniture and so on. This will be procured separately using a compliant procurement exercise, with appropriate approvals being sought in accordance with the Contract Procedure Rules.

## 8. Disposal of 315 Hither Green Lane (Library Resource Centre)

- 8.1 The Library Resource Centre, 315 Hither Green Lane, SE13 6TJ, is a large single storey building, built around the 1930s, measuring approximately 565sqm. It is used by the Library Service for, amongst other things, new stock deliveries, the borough's reserve stock, supporting delivery of borough and national initiative materials (e.g. summer reading challenge) and inter library loan processing. There is no public access to the building, it is used for administrative and back-office functions only.
- 8.2 A 2019 condition survey rated the whole building as D1 ("very poor condition, exhibiting serious defects and/or not operating as intended"), with a variety of defects including significant structural cracking, significant water ingress from failed roofs and damp problems throughout. The survey considered the building to be beyond economic maintenance and repair and recommended that the Council consider the value of this asset against its current use. They advised that the building should be demolished, and the Council consider re-building the asset and / or developing the site.
- 8.3 There has been minimal investment in the building since that condition survey so the condition has deteriorated further, and the library service are unable to use parts due to water ingress, damp and lack of heating.
- 8.4 The remodelled Lewisham Library will allow storage of items and officer functions from the Library Resource Centre to take place in the new library building. When the refurbishment is complete in 2026 the Library Resource Centre will be vacated. The Library Service have already started to reduce stock and sort items ready for the move. Thereafter, there is no further service requirement for the building from Community Services. The Asset Review Board has confirmed there is no other strategic service use. Given the very poor condition of the building and the recommendation from the condition survey to rebuild, there is a limit to what it can be used for without significant

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capital input.

- 8.5 In line with the emerging Asset Management Strategy and the Asset Review process, the Library Resource Centre has been reviewed via an options appraisal to ensure all options for the site have been considered before recommending disposal. The site is considered too small and complex for self-delivery redevelopment; and the large capital investment required reduces the ability to commercially let it, without a prohibitively long rent-free period. The site has been reviewed by both Asset Review Board and Regeneration and Capital Board who support the recommendation of disposal. Appendix xxx in the Part 2 report shows the Asset Review checklist.
- 8.6 As per the Council's published process for disposing of property, the relevant ward Councillors have been informed. Consultation with other Directorates has also been undertaken (via the Asset Review Board) to confirm there are no other operational requirements and that it is surplus to use.
- 8.7 This paper, therefore, recommends declaring the asset surplus and disposing of it; and delegating authority to the Executive Director for Corporate Resources, in consultation with the Executive Director for Place, to agree the terms of disposal. Disposal will take place in 2026 once Lewisham Library works have completed and the stock and services from the Library Resource Centre have been moved into the new space. Preparation for the disposal will take place prior to the move, however.
- 8.8 The disposal of the LRC was included in the LUF bid as Council match funding. If the asset / site is used for other purposes the Council will have a capital shortfall for the Lewisham Library project. It is therefore recommended that the capital receipt delivered from disposal of this site is ringfenced for the LUF budget, specifically Project 2, Business and Culture Hub.

## 9. Financial implications

- 9.1 The awarded LUF grant for Lewisham Library element of the bid is £7,990,764, of which £6,193,764 is LUF grant and £1,797,000 is Lewisham match funding. The match funding is identified as coming from the capital receipt from the sale of the Library Resource Centre and existing capital monies allocated to Lewisham Library within the Capital Programme. In addition, further funding from S106 Carbon Offset Funding is being secured to enable delivery of solar PV panels on the roof. Additional external funding will continue to be sought, in order to reduce the Council's match funding.
- 9.2 The estimated cost of the works is outlined within the Part 2 report and can be contained within the above LUF budget. Any additional costs exceeding the contingency would require additional budget and funding. This additional project funding would need to be approved by the Regeneration and Capital Programme Delivery Board, with any increase in LUF programme funding needing to be approved at Mayor & Cabinet.
- 9.3 The Levelling Up Fund (LUF) grant awarded to the Council is within the remit of public funding, therefore the Council is required to ensure any further disbursement of the grant to contractors is done so in accordance with all applicable laws and regulations including public contracting regulations for England, and where applicable UK subsidy control rules. The Government expects Grant Recipients to carry adequate due diligence in awarding contracts under the grant. Councils must ensure all documentation relating to any contracts awarded, or expenditure funded by the grant is retained on file and these documents must be provided if requested by DLUHC as part of their project assurance and audit requirements. Legally binding agreements must be

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in place clearly setting out key obligations, with robust terms and conditions to protect public funds and public funded assets.

- 9.4 PID v1 was approved at the Regeneration and Capital Programme Delivery Board on 28 June 2022 and accords with the budget indicated in paragraph 9.1.
- 9.5 Credit safe scores will be undertaken for all bidders at tender stage.
- 9.6 The estimated capital receipt from the disposal of 315 Hither Green Lane (Library Resource Centre) is outlined in the Part 2 report, dependent on market demand and successful marketing of the property. The funds generated from the disposal are recommended be ringfenced for the Council's match funding contribution to the LUF programme, specifically Project 2, Business and Culture Hub.

## 10. Legal implications

### Approval to Procure

- 10.1 The report seeks approval to procure an external contractor to carry out the refurbishment works of library. Given the potential spend on this contract this contract would be categorised by Contract Procedure Rules as a "Category A" contract. The report sets out the other options considered and explains why this is the recommended option.
- 10.2 Assuming that Mayor and Cabinet accepts the recommendation to procure a works contractor, the Contract Procedure Rules ("CPR") place requirements on how that should happen. The CPR require that when letting contracts steps must be taken to secure value for money through a combination of cost, quality and competition, and that competitive tenders or quotations must be sought depending on the size and nature of the contract (Rule 5). The requirements of the CPR would be satisfied by use of an open tender procedure. As a Category A contract, it would be for Mayor and Cabinet to take a decision on the award of any contract. Given the potential spend on this contract the Public Contracts Regulations 2015 as amended by the Public Procurement (Amendment etc) (EU Exit) Regulations ("the Regulations") will apply.

### Approval to Award

- 10.3 This report proposes that Mayor and Cabinet approve the award of a contract for Lewisham Library refurbishment works. This report further proposes that Mayor and Cabinet instruct the Executive Director for Place in consultation with the Director of Law and Corporate Governance and Senior Programme Manager to give effect to this decision by applying the selection criteria to determine and enter into contract with the preferred contractor.
- 10.4 The decision to award the contract contained in this report is a Key Decision under Article 16.2 of the Constitution. It is therefore required to be contained in the current Key Decision Plan and the Council's Key Decision procedure must be followed. Provided that the final contract value is within authorised limits set out in the Part 2 report and the preferred contractor is selected in accordance with the selection and award criteria published in the tender documentation, then the selection by the Executive Director for Place of the preferred contractor in accordance with Mayor and Cabinet's direction will not be a Key Decision. For audit purposes a written record

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should be kept setting out how the selection process has been applied and the preferred contractor selected, and officers from Legal Services should be consulted as necessary throughout the selection and award process.

- 10.5 The Council has a statutory duty under the Public Libraries and Museums Act 1964 to provide a comprehensive and efficient library service for all persons. The Act makes provision for regulating and improving library services. Section 7(1) sets out the duty of every library authority to provide a “comprehensive and efficient library service for all persons desiring to make use thereof”. Section 7(2) provides that, in fulfilling its duties, a library authority should have regard to the desirability “of securing by any other appropriate means” that facilities are available for the borrowing of, or reference to, books and other printed matter, pictures, records, films and other materials in sufficient number, range and quality to meet the general requirements and any special requirements of adults and children. Section 9(1) provides that “a library authority may make contributions towards the expenses of any person providing library facilities for members of the public”.
- 10.6 Future reports will set out the governance arrangements for the delivery of the successful Levelling Up Lewisham Library project. Any governance arrangements must align to Government guidance and the specific funding terms and conditions for which the Council will be the accountable body.
- 10.7 Specific legal advice will be provided for all elements of the proposal which will include but will not be limited to subsidy control, procurement, taxation and land implications by the inhouse Legal department.
- 10.8 The Council will have contracting processes so they have mechanisms to recover funding where beneficiaries do not comply with fund parameters, UK law or any local requirements. The Council may require partnership agreements and contracts. Legal (and procurement) will be formally instructed for support to safeguard the Council. Legal Services will be instructed at the earliest opportunity to review all agreements to ensure there is clarity around any obligations and conditions placed upon the grant and ensure the Council are able to minimise any risk incurred, this will include assurance that clawback provisions are passed down to third party recipients when administering grant funding where and if appropriate.

#### **Approval to declare surplus and dispose**

- 10.9 The threshold for the disposal being classified as a Key Decision in relation to disposals or acquisitions is £1.5m. Therefore, the disposal recommendation is not a key decision.
- 10.10 The Constitution reserves delegation for disposal of council assets only to the Executive Director of Place, in consultation with the Monitoring Officer and s151 Officer where the value is less than £500,000.
- 10.11 If approved, it is Council policy that all negotiations must be conducted by, or under the supervision of an appropriately qualified officer or adviser. Within the Council, this would be the Executive Director for Corporate Resources and the Director of Law and Corporate Governance.
- 10.12 As per the Council’s published process for disposing of property, the relevant ward Councillors have been informed.
- 10.13 Under Section 111 of the Local Government Act 1972 the Council may do anything,

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including the disposal of property, which is calculated to facilitate or is conducive or incidental to the discharge of its functions.

- 10.14 The Council has a requirement to achieve best consideration reasonably obtainable when it disposes of its assets under section 123 of the Local Government Act 1972 (LGA) . An independent Red Book valuation will be required to evidence best consideration.
- 10.15 The Council's title will be investigated or deduced (by Property Legal) prior to exchange of contracts, to demonstrate good title and also to determine the powers under which the Council acquired the property to ascertain whether there are any statutory procedures, consents or restrictions that need to be completed, obtained or resolved before completion.

## 11. Risk Implications

11.1 Key risks are contained in the table below:

Risk	Mitigation
Delays to procurement timeline	Mitigation for this risk started early with ongoing discussion between all relevant internal parties, and communication of timescales.
Affordability	Detailed cost plans are being developed at each RIBA stage to ensure the proposed works can be contained within budget, and contingency has been factored into the overall budget. The disposal of 315 Hither Green Lane is identified as match funding. Officers will seek to develop a disposal approach which maximises the potential sale price.
Performance issues	Robust KPIs and performance monitoring will be set within the specification and built into the contract. Proactive communication with the preferred supplier will take place to ensure these KPIs are met.
Length of supply chain impacts delivery and service	It is intended that the highest scoring supplier will be the Council's preferred supplier, with other suppliers available to utilise if the preferred supplier is unable to meet specific demands or timescales.

## 12. Equalities implications

- 12.1 Failure to deliver the works around health and safety and compliance, could in time result in the need to close the building permanently. This would severely impact upon the community who rely on the library and the services they provide.
- 12.2 It is expected that the works will have a positive impact on staff, hirers, businesses, visitors and the community. Moreover the improvements made around disabled access will be of a significant advantage for less able visitors and building users and will take positive steps towards meeting the requirements of the Equality Act 2010. For example

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a fully compliant lift is planned as well as compliant reception desks etc.

- 12.3 A full Equality Analysis Assessment (EAA) will be undertaken following the completion of Work Stage 3 (Developed Design). This will utilise the Council's approved [methodology](#) and draw upon the extensive stakeholder engagement undertaken to date on this project. The EAA will consider the positive-negative impacts of the new Hub on all Protected Characteristics in addition to socio-economic status. Whilst it is anticipated that the net impact of the new Hub will be positive for most residents and service users, where any negative impacts are identified these will be mitigated through an agreed equalities action plan.

## **13. Climate change and environmental implications**

- 13.1 Works planned for the refurbishment will support the council's drive to be carbon neutral by 2030, for example the upgrading and decarbonisation of the current heating system, a new BMS and the use of LED lighting and motion sensors will result in lower electricity use, this alongside improvements to the building fabric and air tightness, and solar PV on the roof will create energy efficiencies and reduce running costs.
- 13.2 The Council's sustainability objectives and commitment to carbon management will be addressed in the tender specification within the contract documentation.

## **14. Crime and disorder implications**

- 14.1 There are no specific crime and disorder implications arising from this report, however, the installation of CCTV in communal areas, outside the premises and local area will enhance public safety. More footfall at different times of day will also provide natural surveillance in the area; as well as public realm improvements being delivered by the rest of the LUF programme, including the new pocket park outside the building.

## **15. Health and wellbeing implications**

- 15.1 The works will greatly improve the library facilities and will have a positive impact on health, mental health and wellbeing of the staff working in and visitors using the building.
- 15.2 Health and safety during the build will be tested through the Method Statements within the tender process and will be monitored through the contract.

## **16. Social Value implications**

- 16.1 The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including, what is proposed to be procured may improve the economic, social and environmental well-being of the local area for higher value contracts. The Council has adopted a Social Value policy which must be considered and applied; and the Council's Sustainable Procurement Code of Practice will be applied to the contract. The matters to be considered must only be those relevant to the services to be procured and it must be proportionate in all the circumstances to take those matters into account. The council is committed to these principles for all contracts over £50,000 in value. For contracts less than £50,000 the Council requires that where practicable a Lewisham based organisation be invited to quote for the goods, works or services.
- 16.2 A section of the tender evaluation for quality is based on the social value commitments

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bidders make in their method statement. The 10% weighting given to the social value element of the method statement is in line with the Council's Social Value Policy.

- 16.3 The appointment of a Main Contractor for the works aims to deliver on social value to the London Borough of Lewisham. The number of outcomes submitted by the supplier needs to be both relevant and proportionate to the size and duration of the contract and will be tested during evaluation stage.
- 16.4 The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, consultants, contractors and subcontractors engaged by the council to provide works or services within Lewisham pay their staff at a minimum rate equivalent to the LLW rate. Successful suppliers will be expected to meet LLW requirements and contract conditions requiring the payment of LLW will be included in the tender documents.
- 16.5 The incorporation of Social Value into Lewisham contracts will significantly help the Council to deliver on its strategic corporate and Mayoral priorities and deliver added value for the borough as a whole.
- 16.6 The Project Team, Social Value Officer and lead consultant will work together to monitor and facilitate delivery of social value outcomes.

## 17. Background papers

None

## 18. Glossary

Term	Definition
Contracts Finder	The Government's one stop shop for suppliers to find new procurement opportunities across the public sector
Procurement	The process of finding and agreeing to terms, and acquiring goods, services or works from an external source, often via a tendering or competitive process
Tender	Document submitted by an organization including business questionnaire, instructions to tenderers, contract conditions, specification, pricing document, form of tender and tenderers' responses for the delivery of supplies, services or works in response to an invitation to tender. This normally involves submission of the offer in a sealed envelope to a specified address by a specified time and date.
Evaluation	A methodological analytical process to determine the most economically advantageous supplier against a prior set of baseline targets.
PID	Project Initiation Document. A documentation process of governance enabling best practice of managing projects, aligned with Projects in Controlled Environments (Prince 2) methodology.
FTS	Find A Tender. A publication for suppliers in European union to find new procurement opportunities.

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CPR	Contract Procurement Rules. The Council's procurement procedure when the Public Contracts Regulations 2015 does not apply.
CDM	Construction Design and Management Regulations 2015. The latest governance regulations applicable to all construction projects within the UK.
LED	Light emitting diode. A low energy consumption light source
LLW	London Living Wage
LUF	Levelling Up Funding
DLUHC	Department for Levelling Up, Housing and Communities
PAR	Project Adjustment Request

## 19. Report author and contact

- 19.1 If there are any queries on this report please contact Petra Marshall, Senior Programme Manager Email: [petra.marshall@lewisham.gov.uk](mailto:petra.marshall@lewisham.gov.uk)
- 19.2 Comments for and on behalf of Executive Director for Corporate Resources Thomas Clarkson, [thomas.clarkson@lewisham.gov.uk](mailto:thomas.clarkson@lewisham.gov.uk)
- 19.3 Comments for and on behalf of the Director of Law and Corporate Governance Melanie Dawson, Principle Lawyer - [melanie.dawson@lewisham.gov.uk](mailto:melanie.dawson@lewisham.gov.uk),

## 20. Appendices

None

## 21. Conclusion

- 21.1 On the basis of the information within the Part 1 and Part 2 report, Mayor and Cabinet is recommended to approve the various recommendations set out in this report.

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