

Appendix 2

Town Hall Move & Development

6 May 2025

Background to Town Hall move

Full Council in December 2023 approved the following recommendations:

- (1) Note the update in respect to 70 East Street**
- (2) Approve the Strategic Outline Business case to establish the Council's new Civic Offices at 70 East Street, Epsom and approve:**
 - I. the relocation of the Council Chamber and ancillary functions to Bourne Hall.**
 - II. the relocation of the civic office to 70 East Street.**
- (3) Approve an indicative capital budget of up to £7.0 million and a revenue budget of up to £0.5m for programme delivery.**
- (4) Approve funding Option 3, as set out in the Strategic Outline Business Case, noting the specific agreements regarding the optimal use of the existing Town Hall site.**
- (5) Approve an implementation programme, supported with appropriate governance, be established to oversee the mobilisation to the new building.**
- (6) Approve delegated authority to The Chief Executive and Interim Director of Environment, Housing and Regeneration (or subsequent permanent Director), in consultation with the S151 officer, to approve all necessary project/procurement expenditure and release of funds from budgets/reserves (up to the approved limit above) through to completion and delivery.**

The operating context for EEBC has significantly changed

- Local Government Reorganisation (LGR) – the Council will cease to exist in April 2027, meaning a future office site must be reviewed in this uncertain context.
- Additional work has been carried out to work out the form and cost of a potential development at the Town Hall site by Jones Lang LaSalle (a specialist consultancy). Officers have also carried out more detailed analysis on potential options.
- As a result of this additional work, we can say that:
 1. Staying in the Town Hall is not a financially viable long-term option
 2. Selling the Town Hall site would only partially cover the costs of moving staff to East Street
 3. Investing in East Street only works as a long-term office solution, otherwise the building should be sold for residential

Staying in the Town Hall is not a financially viable long-term option

- **Short-term (up to 3 years):** The minimum investment is likely to be around £1m if the old town hall is vacated and non-essential items of repair were excluded. This investment would need to be carried out within the next twelve months. This could be financially viable but may not be best value, compared with other potential office options.
- **Long-term:** Investment of around £15m is required, including fire door replacement, roof works, panels and improvements to energy efficiency (required by 2030).
- By 2030, due to proposed government reforms, a commercial property cannot be let without a minimum EPC B rating (which the Town Hall does not have). This would mean that EEBC could not rent to Surrey Police or charities, losing income. Furthermore, it remains under government review whether this requirement will be introduced for owner occupiers as well i.e. the Council.

See Exempt Appendix 3

Other considerations

<p>Building affordable housing does not stack up for the Town Hall site alone – a Joint Venture with a developer and to include other land sites is needed</p>	<ul style="list-style-type: none"> • Town Hall site will cost c. £35m to develop (based on Jones Lang LaSalle estimates) • If the EEBC manages this directly, it must borrow that money • While savings would be made on nightly-paid accommodation, these are not sufficient to pay back over a 30 year period • The business case could stack up if EEBC enters a JV with a developer in which they pay for the construction costs • In return, EEBC would need to provide the land and additional sites would be needed to ensure the JV had sufficient scale (no. of homes) to make a profit
<p>Any such JV would need consultation with new unitary partners</p>	<ul style="list-style-type: none"> • Appointment of a JV partner could take a year from today • At which point, a new shadow unitary is likely to exist, and so consultation will be needed
<p>A future Community Council is likely to be very limited in its ability to take on significant financial assets</p>	<ul style="list-style-type: none"> • The operating budget will be much smaller than the current EEBC budget • Any debt – for example on 70 East Street – would remain at the same level and need to be paid for out of a smaller budget

Decisions for members

Key:

- Proposed
- recommendation for
- Full Council

