

Paper L1

URC Trust

Church House development

Church 2014
United
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Church Church 2014

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URC Trust: Church House development

Basic Information

Contact name and email address	Dick Gray, chair of URC Trust dickgray643@gmail.com
Action required	Discussion
Draft resolution(s)	None
Alternative options to consider, if any	

Summary of Content

Subject and aim(s)	The paper outlines work on a possible development of Church House and seeks advice on next steps.
Main points	Church House is an inflexible 1950s building. Architects advise it could be redeveloped, with new flats built on top covering some of the costs. All options would require a substantial initial capital investment. No option guarantees a financial return. Mission Council needs to give guidance on what, if any, sort of option it wishes to have explored further.
Previous relevant documents	
Consultation has taken place with...	Architects; senior staff at Church House; finance committee.

Summary of Impact

Financial	Initial capital of at least £8M would be required from the Church or a developer.
External (e.g. ecumenical)	More flexible use of space would make it possible to offer accommodation to ecumenical or other bodies.

Church House development

1. During the major budget review in 2012, Mission Council expressed frustration at the inability to reduce infrastructure costs at a time when other budgets were having to be reduced. One of the subsequent requests from the finance committee to the URC Trust was to look at ways to reduce the costs of running Church House in London. The Trust has examined the possibility of moving to alternative premises or sharing with other denominations. These have not led to any obvious solutions. They have emphasised the value of having a central London base at least for meetings.
2. Therefore the Trust decided to look at the potential of Church House for improvement or further development. We briefed the architects to have objectives which included: reducing the overheads of regular running costs, providing flexibility for current and future changes in working, improving energy efficiency, and raising capital to fund the works. One important aspect was to make the building more accessible for those with physical disabilities. It is a 1950s office block which falls far short of modern standards.
3. Our chosen architects Theis & Khan (who recently developed Lumen United Reformed Church next to Church House) reported to the Trust on the possible options for developing Church House. They offered four options, two of which were for significant development by the addition of two floors of residential accommodation on top of the existing building, and two options for a complete rebuild. All of the options would lead to a significant book value increase for the building, but would not necessarily be cost effective in cash flow terms. The options provided would all involve development risk as their viability rests on the value of the new flats in an uncertain London property market.
4. The good news from their assessment includes:
 - The building is capable of adding two further floors and there is a good probability that this would be able to gain planning permission
 - The existing layout is quite wasteful of space with large corridors and fixed size offices
 - Many of the existing walls are not part of the load bearing structure and the building is capable of opening out, albeit with the need for columns to support the upper floors
 - A lift could be fitted within the stair well area
 - There were attractive options for opening up the basement and using the space between Church House and Lumen
5. The bad news was that none of the options appeared to offer much more than coverage of the development costs, and several options hardly did this. The cheapest would need an initial capital investment of around £8M. We were also advised that Camden Council were resistant to demolition and rebuilding without a very strong case. The other factor that seemed important to the Trust was that residential space was significantly more valuable than commercial or office space.
6. The Trust is aware that it is not a part of its role to set direction for the URC; rather its role is to manage the assets. The Trust did not feel able to move forward without some direction from the councils of the Church. Any significant development would need to have a lifetime measured in tens of years rather meeting short term needs.

7. We come back to the central questions concerning the purpose of having a central London office. Currently, Church House serves several purposes:
- To provide a base for central services such as payroll.
 - To provide a centre where strategic decisions can be converted into programmes and action by staff who have easy access to each other.
 - To provide a base from which we can maintain relations with other bodies e.g. other denominations and government.
 - A convenient place for meetings.

8. The problem faced by the Trust is what are the likely dimensions associated with these needs in the future. It seems clear that the space needs could change significantly over the next 20 or so years, with the advent of technology and communications probably changing many of the ways in which we shall operate. Although some sort of London base for meetings seems likely still to be required, what other space will be needed is harder to predict and likely to change over time. Some functions might move away from London. This seems to indicate the need for maximum flexibility in the use of space including the ability to enable sharing of the building with other parties if our own needs did not require the whole building. Letting out some space would help with net running costs. It might also be prudent to allow for expansion!

9. The Trust would therefore wish to ask Mission Council for guidance on the following:
- Does Mission Council favour in principle finding a way to make a substantial capital investment in Church House to improve working conditions for staff and increase the efficiency, cost effectiveness and flexibility of the use of space?

If so, then the Trust would value a steer on the following questions too.

- Is Mission Council comfortable with the Trust embarking upon property development to help fund such work, e.g. by adding flats to the top of the building, which would inevitably involve some risk?
- If Church House was extended to provide residential accommodation, would Mission Council be content to do so on a purely commercial basis, to maximise return, or would they want to provide social housing, which on current estimates would certainly not fully cover the office refurbishment costs?
- Would Mission Council be willing for the URC to risk our own capital, or would it only be willing for a project to proceed if we could find a commercial developer to bear the financial risk – and also therefore take any profit?
- Rather than consider Church House in isolation. should we investigate a joint development project making use of the modern facilities of Lumen URC next door, were they willing to do so, which could change the options?