

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** The Deputy Leaders of South Holland District Council and the Executive Director Commercialisation (S151)

**To:** Cabinet - 12 July 2016

**(Author:** Julie Kennealy – Executive Director Commercialisation (S151))

**Subject:** South Holland District Council Strategic Site Prioritisation

**Purpose:** To seek approval from Cabinet for the development of options to secure a sustainable future for Ayscoughfee Hall Museum and Gardens, South Holland Centre and Priory Road offices. The options developed will be presented to Cabinet as formal business cases for further consideration and to inform future decision making.

### **Recommendations:**

- 1) That the development of individual business cases to support the sustainable future of Priory Road Offices, South Holland Centre and Ayscoughfee Hall Museum and Gardens be approved;
- 2) That the priority ranking for the development of the business cases be approved; and
- 3) That it be noted that the resourcing requirements for the development of the business cases will be funded from sums already set aside for the transformation programme.

### **1.0 BACKGROUND**

- 1.1 As part of South Holland's Moving Forward MTFP 2015/16 – 2019/20, the need to secure a sustainable future for the key strategic site projects was a key element of the Council's overall Transformation Programme.
- 1.2 The priority ranking driving the timing of the development of the cases is:
  - a. Council Offices Priory Road
  - b. South Holland Centre
  - c. Ayscoughfee Hall Museum and Gardens
- 1.3 At 28 June 2016 Strategy Board, Members supported the need to develop detailed business cases for the recommended options contained within this report.
- 1.4 Strategy Board supported the recommended priority ranking for completion of the business cases.
- 1.5 Strategy Board requested that approval was sought from Cabinet for the Priory Road business case to be started first, and upon completion, be referred back to Cabinet for decision.

## 2.0 **OPTIONS**

- 2.1 The options listed below will be subject to a feasibility assessment through the drafting of individual business cases to assess their viability for successful delivery. Each business case will inform any consultation processes and future formal decision making by elected members.
- 2.2 **Priory Road:** Invest in the development of existing floor space within Priory Road to provide an access point for an expanded range of public sector services provided by multiple agencies to create a public sector service hub located in Spalding. This will involve a range of external partners and will result in sharing of costs currently borne solely by the Council and further provide opportunities to generate income. The business case will identify key partners, investment costs and projected returns to provide a working environment that facilitates and supports culture change towards a more digitally enabled customer focussed delivery of a range of public services. Our aim is to provide a “future proofed” working environment that can flex to meet future service requirements.
- 2.3 **South Holland Centre:** The Council seeks to retain ownership of the South Holland Centre as an important leisure and entertainment facility and part of our cultural offer for the town. The business case will seek to secure a sustainable Centre for entertainment, film, restaurant, theatre, banqueting suite and an improved bar experience, by securing a high quality operator for the future management and running of the facility via a commercial operating lease agreement.
- 2.4 **Ayscoughfee Hall Museum and Gardens:** The Ayscoughfee Hall Museum and Gardens are an important cultural offer for the District. The business case will seek to secure a sustainable future for the facility by transferring the asset to a specialist external agency (e.g. cultural/leisure trust, heritage organisation). The site will benefit from further promotion as an important heritage facility within the district and an expanded cultural offer.
- 2.5 The Priory Road recommended option to be developed further is focused on providing a Community Hub that will be able to serve the community more effectively especially the most vulnerable residents within the district.
- 2.6 There is a recognised importance that the Council protects the heritage and cultural offer of Ayscoughfee Hall Museum and Gardens.
- 2.7 By building on an already established leisure offer provided by the South Holland Centre, the Council will be preserving the contribution to the local economy that the Centre already provides, whilst also providing an attractive social and leisure offer for its residents.
- 2.8 The option to do nothing has been considered and discounted due to the known financial constraints within our medium term financial plan and the important interdependencies between all 3 sites.

## 3.0 **REASONS FOR RECOMMENDATIONS**

- 3.1 The rationale for recommending the preferred options to be developed further is based on:
- a. recognising specific ongoing service costs that are not sustainable
  - b. acknowledging the market conditions that are both limiting and enabling
  - c. timely opportunities arising from external partners expressing a strong interest to co-locate within Priory Road

- d. commitment to delivery of the Council's growth and commercial ambition
- e. acknowledging the impact on the local economy and communities
- f. maintaining a leisure and culture offer to the communities whilst being prudent with the public purse.

3.2 Key prerequisites, interdependencies and constraints that affect the sites are summarised as follows:

- a. Priory Road is situated in a conservation area that has planning constraints applied to it. By using the existing site and office space more effectively there will be an opportunity to create a sustainable revenue income stream.
- b. The one public estate programme of change driving further efficiencies in the public sector.
- c. There is a need for a timely decision as potential partners have already formally expressed interest in co-locating in Priory Road; however they need to be on site in Priory Road by November 2017. A decision therefore needs to be made by September 2016 as to whether the Council wishes co-location discussions/proposals to proceed.
- d. The South Holland Centre provides approximately £1million per annum to the Local Economy through the creation of footfall and spend through the town centre, benefiting local businesses.
- e. The South Holland Centre provides a variety of events that attract residents from across the district and outside of the district, indicating a healthy demand for the service it offers.
- f. The Centre's operating cost to the Council is approximately £290,000 per annum which is not sustainable at its current level as it places continued pressure on the Council's budget.
- g. Ayscoughfee Hall Museum and Gardens is held in trust to the people of Spalding. The maintenance and upkeep of the Grade 1 Listed Hall, the Grade 1 Listed Memorial and the Grade 2 Listed Gardens is an increasing pressure on the Council's budget, as maintenance and upkeep is a longer term requirement for these historical sites.

3.3 The recognised prerequisites support the delivery of the Council's corporate plan and providing the right service, at the right time in the right way and encourage the local economy to be vibrant with continued growth.

#### 4.0 **EXPECTED BENEFITS**

4.1 The objective of the delivery of these strategic sites will be focused on providing, protecting and preserving the community's leisure, cultural and service offer.

4.2 By developing and strengthening the offer provided by the South Holland Centre and Ayscoughfee Hall Museum and Gardens it showcases the district as an attractive area for growth, encouraging further investment into the district by businesses.

4.3 Creating the opportunity for reducing site operational costs; reducing sustained pressure against the Council's budget; providing a platform for the Council to benefit from creating a revenue income stream over the medium term.

4.4 Creation of a multi-agency service offer in one site at Priory Road, providing an enhanced service offer for residents. More effective partnership working focused on contact resolution in the most efficient and effective way.

## 5.0 **IMPLICATIONS**

### 5.1 **Carbon Footprint / Environmental Issues**

5.1.1 It is the opinion of the report author that there are no specific implications relating to carbon footprint and/or environmental issues at this stage.

5.1.2 The options being recommended for further investigation will report at a future stage more specific implications relating to carbon footprint and/or environmental issues. It is envisaged that any refurbishment of Priory Road Offices will take as a given that these factors would be considered.

### 5.2 **Constitution & Legal**

5.2.1 The options appraisal process and drafting of future business cases will fall within the delegations to Officers namely Directors.

5.2.2 For the procurement of specialist support to develop future business cases, the relevant Director would identify a suitable delegation and associated funding. If either of these did not exist, then a formal Member decision would be required.

5.2.3 Once the business cases have been developed, the final decision will be an Executive decision.

### 5.3 **Contracts**

5.3.1 It is the opinion of the report author that at this stage there are no specific implications relating to contracts.

### 5.4 **Corporate Priorities**

5.4.1 The recommended options related to these 3 strategic sites if delivered, will meet the Council's Corporate Priorities.

### 5.5 **Crime and Disorder**

5.5.1 It is recognised that the provision of accessible community and leisure facilities has a positive impact on crime and disorder.

### 5.6 **Equality and Diversity / Human Rights**

5.6.1 It is the opinion of the report author that there is no immediate impact as a result of this report.

5.6.2 Each option in its own right will have an equality impact assessment undertaken as part of future reports to Cabinet as each business case is developed for decision.

### 5.7 **Financial**

5.7.1 The development of each business case for each individual site will have financial modelling contained with a breakdown of costs and expected financial benefits.

5.7.2 Priory Road is included in the Moving Forward programme which was approved by Council on 14 October 2015. Project A3 within the Aligning Public services strategic theme.

- 5.7.3 Costs of £50k are already included in the budget for work on the building together with half year income of £25k which is included in the savings target for 2016/17. Net additional income of £35k p.a. (rent / service charges income £60k, utility costs £25k) was included for 2017 /18 and each year thereafter.
- 5.7.4 The 3 projects for development of options are also included in the commercialisation strategic theme within the programme, Ayscoughfee Hall Museum and Gardens (C4), South Holland Centre (C5) and Priory Road (C6).
- 5.7.5 No further transformation costs or indicative savings were included in the 2016/17 Medium Term Financial Plan but development of options will allow costs and savings to be included in the MTFP this year.
- 5.7.6 The transformation reserve has a balance of £1m at the beginning of the financial year and £700k has been provisionally assigned to potential 2016/17 costs. £210k has been allocated by the Transformation Board, year to date which includes Digitalisation activity that may be financed from the Capital budget.
- 5.7.7 Savings targets of £3.3m are included in the transformation plan with £415k included in the 2016/17 budget. Current forecast for the year suggests this target will be met or exceeded with completed projects delivering £334k against a budget of £299k at the end of May 2016.
- 5.7.8 Priory Road savings of £25k in 2016/17 will not be met and the £50k costs included in the budget have been assigned to developing options further including financial modelling as needed.
- 5.7.9 The South Holland Centre budget is being examined for potential savings in year based on trading history in the last 3 years and potential delays to planned maintenance works on the basis that major investment in the building may be necessary as part of the future options being examined. Savings of £80k in 2016/17 are being sought.
- 5.7.10 A Grant of £692k was received from the National Heritage Memorial Fund in 2002/03 which has conditions that are in force for 25 years (estimated end date 2028). Any future changes must be within approved purposes and approved usage as defined by the Grant or a separate negotiation with NHMF will be necessary (which may include repayment of some of the Grant). There were provisions in the agreement for the total repayment of the Grant but these were extinguished in 2013.

## 5.8 **Health & Wellbeing**

- 5.8.1 The delivery of the proposed options will have a positive impact on residents and communities within the district in terms of health and wellbeing. The proposed options and their associated business cases will highlight in greater detail the impact on the community and local area relating to health and wellbeing.
- 5.8.2 The creation of a Community Hub within Priory Road that potentially has partners co-locating from Health, DWP, Lincolnshire County Council and Police, will create a central location for the residents of the community providing a better user experience. The Community Hub will reduce the time delay that can be experienced between partners with regards to sharing of information and unintentionally the duplication of process as the same enquiry is relayed several times before resolution can be sought.

5.8.3 By retaining a cultural offer and providing an enhanced leisure experience at Ayscoughfee Hall Museum and Gardens and the South Holland Centre, the Council will be continuing to contribute to the wellbeing of the district, as well as residents who travel into Spalding from outside of the district.

## 5.9 **Reputation**

5.9.1 The recommended development of Priory Road in a timely manner, working in partnership with other key public sector organisations would have a positive reputational impact for the Council.

5.9.2 By opting to protect and preserve leisure a cultural offer for the residents of South Holland would reinforce the Council's ambition to deliver its priorities around the community.

## 5.10 **Risk Management**

5.10.1 Each option in its own right will have an appraisal of risk in accordance with the Council's Risk Management Strategy as part of future reports to Cabinet as each business case is developed for decision.

5.10.2 The risk of doing nothing may lead to the Council not achieving a balanced budget in future years as its Medium Term Financial Plan may come under pressure due to unsustainable service costs for the South Holland Centre, Ayscoughfee Hall Museum and Gardens and the missed opportunity of rental income from Priory Road.

## 5.11 **Staffing**

5.11.1 Successful delivery of these strategic sites will require dedicated resource and a dedicated Project Manager with the required skill set.

5.11.2 The Project Manager will be procured following agreement from Cabinet around the proposed and recommended prioritisation of sites for delivery. Indicative cost for the post is £50k plus on costs. The proposal is for a 2 year fixed contract initially with the funding for the post being drawn from the Council's transformation budget.

5.11.3 Programme Management for the delivery of the sites will be resourced through South Holland's Programme Delivery Manager over the medium term for continuity of delivery.

## 5.12 **Stakeholders / Consultation / Timescales**

5.12.1 Stakeholder management will be a key component surrounding the delivery of these sites.

5.12.2 Timescales for any agreed consultation and stakeholder engagement will be time tabled and recorded in each individual business case for the sites as part of an overarching communication plan.

## 5.13 **Transformation Programme**

5.13.1 The three strategic sites were approved at Council on 14 October 2015 as part of the Council's overall Transformation Programme, listing projects to be delivered. Elected Members also agreed a Transformation Budget to support the implementation and delivery of associated projects.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 Not applicable.

7.0 **ACRONYMS**

7.1 DWP – Department for Work and Pensions.

7.2 MTFP – Medium Term Financial Plan

7.3 NHMF - National Heritage Memorial Fund

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Background papers:- None

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**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Discretionary Service**