

**Sutton Coldfield Parish Council
Interim Parish Council Meeting
15th March 2016**

Agenda Item 15

A Partnership Approach to Sustaining Sutton Coldfield Town Hall

This paper proposes an approach to creating a sustainable operating model for Sutton Coldfield Town Hall.

Summary

This paper outlines a potential approach to creating a sustainable operating model for Sutton Coldfield Town Hall with the Parish Council taking the lead role supported by the City Council.

The proposed approach could see:-

- a freehold transfer of the asset to the Parish Council at nil cost, with an appropriate covenant for civic, cultural and community use;
- interim operation of the town hall until 30 June 2016 by the City Council;
- a joint commissioning by the City Council and the Parish Council of a development agency to strengthen the business plan produced to date by Sutton Coldfield Arts and Recreation Trust (SCART).

In addition, the proposed approach could see the potential issue of a lease on the town hall by the Parish Council to SCART, utilising community asset transfer policy¹, with provision of accommodation at the town hall for the Parish Council by means of a management agreement.

This paper recommends that the Parish Council and the Birmingham City Council jointly commissions an appropriate agency to assist SCART to strengthen their business case. It also recommends that the Interim Parish Clerk conducts, either directly or by commission, an independent appraisal of the proposed approach to enable the Parish Council to consider and agree the way forward for the Parish (or Town council) in May or June 2016.

The City Council would need to conduct a best value appraisal on any transfer of the freehold and seek Cabinet approval for this together with any TUPE transfer.

Background

Sutton Coldfield Town Hall was constructed in the second part of the nineteenth century and directly abuts the Sutton Coldfield Council House, which the City Council disposed of in 2013 and is currently being redeveloped for residential purposes. Both buildings are Grade II listed and share many common architectural features including brick and stone types.

¹ The Parish Council would need to adopt and customise such a policy drawing on City Council and other similar local authority methodologies.

The town hall has been operated by the Sutton Coldfield District for over the past decade, as a functions and entertainment business and incremental investment has been undertaken including the restoration of the clock tower. A full condition survey was commissioned in June 2014 through ACIVICO which identified the need for capital refurbishment to the value of £1.4 million. This does not include modernisation costs of the kitchen, theatre and other aspects of the building that are key for its sustained commercial success.

The Sutton Coldfield District Committee held the delegations for financial and service operations within the District, which included the town hall, from 2004 until 31 March 2015, whereupon the delegation was transferred to the Deputy Leaders portfolio.

A range of savings requirements were contingent upon District Committees from 2011 onwards, impacting on all delegated services in the portfolio of the District Committee, including the town hall. In November 2014, Sutton Coldfield District Committee considered a range of options for the town hall which included redevelopment, disposal / part disposal, transfer of management operations and to cease trading. Effectively, the City Council has absorbed a running loss in terms of revenue budget of around £100,000 per annum and urgent action to address this was and still is required.

In December 2014, SCART approached the City Council around the potential for SCART to take an interest in the asset by means of a lease and to manage the business as a charitable trust/social business. SCART comprises a number of key users of the facility and local business and cultural stakeholders with experience in arts management and production.

Given the interest by the District Committee and the wider City Council for sustaining operations in this historic venue it was agreed, through the office of the Deputy Leader and also through the then Leader, that the City Council would entertain the development of a viable business plan by SCART and for the City Council to consider a leasehold transfer using Community Asset Transfer (CAT) principles where rental payment is discounted based on the social and cultural value produced using a “valuing worth” methodology.

It also agreed that operations of the town hall would be funded by the City Council, whilst the SCART business case was developed, initially for six months; this was then extended to 12 months, i.e. until April 2016. A final extension, until 30 June 2016 was recently agreed by the Deputy Leader. However, it must be stressed, the City Council will not be able to sustain operations at the town hall and absorb the operating costs beyond that date.

The City Council has now received and evaluated the SCART business plan and a delegated decision report on this will be signed within the next two weeks. The delegated decision report is restricted until it is published.

There are, in brief, strengths and weaknesses in the SCART business case. Strengths include the recently acquired charitable trust status and creativity in some parts of the business model; weaknesses include a lack of depth to the business plan particularly in years 2 and 3. It is therefore recommended that further development work needs to be carried out to draw on the strengths of the business case and identify actions to address areas of weakness. The recommendations set out below include that the City Council and the Interim Parish Council jointly commission further development work on the SCART business case. The recommendations also include that the Interim Parish Council carries out an independent evaluation of the SCART business case.

Options for the Parish Council

1. Consider if the Interim Parish Council wishes to take an interest in the town hall by means of the freehold transfer of the asset, at nil cost, to the Parish Council.
2. Consider if the Parish Council wishes to take an interest in the town hall by means of a leasehold transfer.
3. Consider if the Interim Parish Council wishes to proceed with SCART as the preferred partner and leasee of the building on the basis of the work that SCART has carried out to date.
4. Consider if the Interim Parish Council wishes to proceed with jointly commissioning with Birmingham City Council, further work to develop the SCART business plan and for an evaluation to be carried out on the business plan and the proposed approach set out above.
5. Consider if the Parish Council wishes to seek an alternative partner, if the SCART business plan is deemed not to be feasible. Any alternative partnership could be via a lease arrangement or a management agreement.
6. Consider if the Interim Parish Council wishes to directly manage operations at the town hall.

These options need to be considered in light of the fact that, as previously stated, the City Council cannot continue operations at the town hall beyond 30 June 2016.

It is therefore recommended that:-

1. The Interim Parish Council decides if it wishes to take an interest in the town hall either by means of the freehold transfer of the asset with an appropriate covenant for civic, cultural and community use or via a leasehold transfer.
2. The Interim Parish Council receives the business case evaluation of SCART at a specially convened meeting of the Interim Parish Council in April 2016.
3. In advance of this extraordinary meeting, the Interim Parish Council approves a joint commission of up to £10,000; £5,000 from the City Council and £5,000 from the Interim Parish Council to engage an appropriate agency to assist SCART to strengthen their business case and present this to the Interim Clerk for appraisal.
4. The Interim Parish Council instructs the Interim Parish Clerk to undertake, or commission, an independent evaluation of the business case and for the evaluation to be considered at an extraordinary meeting of the Parish Council meeting in April 2016.
5. The Interim Parish Council instructs the Interim Parish Clerk to engage with City Council officers to consider the feasibility and practicalities of a freehold transfer of the asset to the Parish Council. Any transfer would be subject to appropriate best value and risk management considerations, and for the Interim Clerk to provide a decision report on the way forward in relation to the town hall to the June meeting of the Parish Council.

6. The Interim Parish Council notes that there may be TUPE implications that SCART will need to consider as the potential management agency and leasee and this would need to be subject to City Council Cabinet approval as well as consultation with trades unions and staff (June 2016). This would also apply to the Parish Council should it opt to run and manage the facility directly.
7. That the Interim Parish Council instructs the Interim Parish Clerk to review options around a potential lease on CAT terms and seek property and legal advice on this and to bring forward a CAT policy for agreement at the June 2016 Parish Meeting but only if the SCART business case has been deemed fit for purpose by the Parish Council.
8. That the Interim Parish Council approves that the Interim Parish Clerk, working with appropriate City Council officers and SCART develops a capital investment approach looking at the potential for SCART to raise funds as a charitable body to invest in modernisation of the facilities at the town hall and for the Parish Council to raise funding for structural repairs and building refurbishment through Prudential Borrowing.
9. Should the Parish Council decide to directly manage the town hall, then the Parish Council would be wholly responsible for the costs of structural repairs, refurbishment and modernisation of the building. The Parish Council would need to consider prudential borrowing for the total cost of repairs, refurbishment and modernisation, as well as any potential grant funding (e.g. Heritage Lottery Funding) for the works.

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