



Report to:	Environment and Neighbourhood Committee	Date:	17 September 2015
Report title:	Sutton Life Centre: Review by external consultants and options		
Report from:	Mary Morrissey, Strategic Director Environment, Housing and Regeneration		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Jill Whitehead		
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Corporate Plan Priorities:	<ul style="list-style-type: none"> • An Open Council • A Fair Council • A Smart Council 		
Open/Exempt:	Open		
Signed:		Date:	4 September 2015

1. Summary

- 1.1 At the meeting of the Environment and Neighbourhood Committee of January 2015 it was agreed that the Strategic Director of Environment, Housing and Regeneration, in consultation with the Chair of the Committee, commission an external review of the Sutton Life Centre, the results of which would be reported by late summer 2015.
- 1.2 The requirements of the Council from this high level review were to:
- Explore the potential of widening the scope of the Life Centre: its activities, their income generation potential and the number and range of users the centre attracts;
 - Identify opportunities to improve the revenue position, but not to the detriment of its core aims, particularly its links with schools and young people in the community;
 - Enhance these links and better engage schools in the borough and encourage more visits;
 - Explore alternative management models where appropriate, in particular outsourcing;
 - Proposals and recommendations should be innovative, but commercially realistic and operate within the constraints of the MyPlace funding agreement and site constraints.
- 1.3 The review was undertaken by Red Quadrant working with Sports, Leisure and Culture Consultancy (SLC) between March and the end of April 2015, and involved site visits, staff interviews, meetings with key stakeholders, including the Chair of the Life Centre Management Board and the Lead Member.



- 1.4 High level analysis was undertaken of the local supply of, and demand for, potential commercial and income generating activities which could be suited to and fit with the Life Centre, to look at the potential for increased usage, driving increased revenue. Existing user data was used to analyse the core catchment areas for the Centre.
- 1.5 This culminated in the generation by the consultants of a number of potential options and actions which were then further explored in a workshop with key stakeholders.
- 1.6 The report concluded that there is no one single solution or commercial proposition that could improve the financial performance and utilisation of the Life Centre; rather it recommends smaller scale, achievable options for the next year and beyond to improve the viability of the centre in what is a very difficult financial climate for the Council. The assumption is that no major structural modifications of the centre can be afforded, nor substantial investment made. Further, that it will be necessary to retain as many of the original core functions as possible, mitigating the risk of having to repay grant funding to central government.

2. Recommendation

- 2.1 To consider the options described within Section 7 of this report and to select a preferred option to progress.

3. Background

- 3.1 In 2014 the London Borough of Sutton undertook a broad internal review of the Sutton Life Centre as part of a wider review of theatres and heritage sites which considered a number of future options. Options for theatres and halls have been completed, with the transfer of the venues to an alternative provider in June 2015. Members at the Environment and Neighbourhoods committee in March 2015 requested an external review of the Life Centre to complete the process and to explore the contribution the centre could make to the Council's need to achieve savings of £40m by 2019, as well as to narrow the gap between cost and income. Consultants were commissioned to explore the potential of widening the scope of the activities on offer at the Life Centre, increasing utilisation and improving income generation and to examine the potential for internal efficiencies/cost savings.
- 3.2 The Life Centre is a multi-purpose modern building, opened in September 2010, containing a range of facilities including a library, outdoor games area, climbing wall, meeting rooms and a number of large technology-driven indoor spaces with the primary role of hosting school citizenship and safety tours.
- 3.3 The original business plan was part of a bid to MyPlace (a Department for Education fund administered by the Big Lottery) and was based on assumptions made at the time, prior to the period of austerity which commenced in 2008. The projections for uptake on Life Skills courses and revenue were ambitious and have over the last five years not met expectations, despite marketing and promotional activity by the staff team.
- 3.4 The construction of the building was match funded by MyPlace funding of circa £4million. This restricts changes to use for an extended period of 20 years from the date of the agreement as a condition of the grant. Essentially, the Deed of Dedication connected to the grant prohibits the



council from disposal (freehold or granting leases) and changing uses of the property from that which the council described in its grant application for the Life Centre without the consent of the fund. The council is in discussion with the Cabinet Office to explore what changes would be acceptable in order to make the facility more sustainable. To date, those discussions indicate some potential flexibility around the current service offering but not significant changes of use nor disposal of the building for another main purpose. In terms of a formal undertaking, the Cabinet Office remain firm on the original grant agreement.

- 3.5 The Life Centre was originally conceived as operating in two distinct modes: as a local community resource, and secondly as a regional educational facility offering organised citizenship and safety tours incorporating a 'cutting edge' media lab and related technology. Inevitably, the IT is becoming dated, but currently fit for purpose and suited to incremental updating.
- 3.6 The facilities and operational model used to build and develop the Sutton Life Centre built upon the successful approach adopted for the Phoenix Centre at Roundshaw – a 'hub' facility where a combination of services which complement each other are grouped together in one building.
- 3.7 The Life Centre has been directly managed by the Council since its opening. This was originally envisaged as being the case for an initial two year period, following which a review would determine the future management arrangements. This decision was taken for a number of reasons including the expertise held by the council, economies of scale relating to the library and youth services, a need to more fully understand the service in steady-state and an ambition to retain influence over the day-to-day management of the service.
- 3.8 The table below summarises the operating budget for the Life Centre (full years) since opening:

	Actual	Actual	Actual	Actual
Sutton Life Centre	2011/12	2012/13	2013/14	2014/15
Expenditure	625,150	573,754	578,567	553,922
Income	-79,661	-73,092	-88,175	-90,426
Sub Total	545,489	500,662	490,392	463,496

Note:

The table above *excludes* Central Support and depreciation charges, (currently £371,394 depreciation and £48,700 central support), but *includes* the annualised costs associated with the operation of the Library, of £174,219.

- 3.9 Total visitors and Sutton schools use:

Since opening in September 2010 over half a million users (554,760) have visited the Life Centre with a further 23,253 young people having attended on school tours through 492 organised school visits.

There are 42 Primary and 14 Secondary schools in Sutton (approximately 5% of the original target market of schools within an hour drive time of the centre) and over the last two years 20 Primary and 6 Secondary Sutton schools have visited for a tour. Just under half of all Sutton



schools are customers of and have visited the Life Centre (48% of secondary schools and 43% of primary schools).

For the 2014/15 academic year 971 Sutton pupils have visited the centre for tours, with a further 3,909 from outside the borough.

It should be noted that feedback from teaching staff who have attended the school tours has remained incredibly positive, with some examples of genuine feedback as follows:

"Excellent all round education, covering key issues of personal safety, health and risk. A fantastic opportunity to look at these issues outside the school environment with experienced staff. Thank you!"

"Fantastic resource and good to have a 'real' Police officer for students to talk to. Many thanks"

"The messages were given in such a thought-provoking way. The use of technology added to the awe and wonder of the experience"

"I was delighted to have 'discovered' the centre, and have every intention of making our Year 6 visits an annual event."

"A visit should be compulsory/part of every school's curriculum. (Parents would benefit too!)"

4. Research Methodology Adopted by the Consultants

4.1 Red Quadrant and SLC developed a five stage approach to meet the requirements of the review, beginning with an inception meeting with key council officers and a tour of the Life Centre in order to understand the facility: its siting, current layout and operation.

4.2 They undertook a review of available information relating to the current operation of the facility, supplemented by consultation with key stakeholders. This aimed to identify existing limiting factors and key issues, and gauge the appetite and potential to extend the scope of activities on offer and the need to increase income.

4.3 The consultants looked at:

- Occupancy levels and how these could be improved.
- Marketing, promotion and customer engagement.
- Effectiveness of the management and potential changes.
- Improving programming and extra activities, like children's parties.
- Targeting a wider audience to encourage community and other groups that currently do not use the centre.
- What data the Life Centre holds on its users and how is this used to drive new business.
- Potential changes to the current spaces for other uses.
- Potential to lease to third parties that provide complementary services for e.g. wellbeing.

A high level analysis of the local supply and demand for potential commercial and income generating activities was undertaken, looking at what could be a fit for the Life Centre, and that would attract increased usage and revenue. Existing user data was also used to analyse the core catchment areas for the centre.

4.4 This culminated in the generation of a number of potential options which were then further explored in a workshop of key stakeholders.

5. Centre Management and Staffing

5.1 Since the consultants' report was written, the management of the Life Centre has been changed, with efficiencies taken to reduce cost. Overall management of the centre remains the responsibility of the Sutton Life Centre Manager, who reports to the Head of Community Safety Services, then the Executive Head of Safer and Stronger Communities. Previously the Life Centre Manager reported directly to the Head of Culture and Communities, before that post was deleted in May 2015.

5.2 The core staffing structure of the Life Centre is:

- Centre Manager: operations, programming, staff management, service development, financial management (including income generation and sponsorship), maintenance, business planning, marketing and governance issues.
- Deputy Centre Manager: operational management, assisting in business planning, staff development, finance, health and safety, commercial operation, school visits, marketing, maintenance and all contract management, and corporate reporting responsibility.
- Life Centre Assistants (x2): first point of contact for users, visitors to the Zones; booking and hires in the Life Centre and library; locking/unlocking the building.
- Technical Officer/Projects: operates the multimedia citizenship facility, supports the management and operation of the multimedia suite and the SLC Youth website.
- Library Manager: day to day operation of the Library and management of the library staff.
- Library Assistants (x3): support library functions including loans and enquiries; use of IT and issuing Freedom Passes.

5.3 The staffing is supplemented by a Metropolitan Police Officer who runs many of the school tours. The centre also has additional technical support on an annual contract from an external provider.

5.4 In the consultants' view there is duplication of management between Libraries and Life Centre functions as well as very little crossover in duties between Life Centre and Library Assistants.

5.5 Creating integrated posts presents opportunities for savings as well as providing a more seamless service for customers and better utilising the staff.

5.6 The number of staff on duty is high compared with the number of visitors some of the time. The separation of duties between library staff and other Life Centre staff also increases staffing costs. There is a high proportion of managerial staff overall. Centre staffing needs to be reconfigured to match business levels.



- 5.7 The consultants stated that the technical requirements of the Life Centre could be adequately serviced by the external contract, negating the need for a full time post. This could be supported by technical capacity elsewhere within LBS.
- 5.8 Staffing costs could be significantly reduced by consolidation and rationalisation of some posts and increased use of volunteers.
- 5.9 The consultants thought that staff should be multi-skilled and capable of running the library and café during peak times, running citizenship and safety tours as well as supervising and/or delivering other core activities and undertaking marketing and business development activity during off peak times. Note that since the report was completed the cafe has been let to a third party supplier.
- 5.10 Centre management needs to have the following core competencies:
- **Sales** – the ability to secure revenue;
 - **Marketing** – the ability to promote the SLC in terms of price, place, promotion and product;
 - **Operations** – the ability to deliver a consistent customer experience efficiently;
 - **Programming** – the ability to devise activity programmes for customer groups which encourage repeat visits, cross-selling and up-selling
 - **Commercial partnering** – the ability to develop mutually beneficial partnerships at the Life Centre; and
- 5.11 For a facility of this size as an in-house operation, senior staff need to have a broader base of specialist skills than would be expected from a multi-site contract management team. There is a need for business focused staff to run the facility, but exploring the potential of more specialist contracted support and commercial partnerships where appropriate.
- 5.12 The consultants' view is that current staff do not have the right skills to optimise financial performance of the centre. This needs to be addressed though the range of options open to managers.
- 5.13 The consultants thought that the centre and the library service should merge their staffing to create a single pool. Assistants should be able to function as a library or centre assistant.
- 5.14 Staff focus would be on optimising the use of the facility and cross-selling services and sales.
- 5.15 Staffing costs could be significantly reduced: the report indicates savings of up to 25%.

6 Changing the Life Skills Offer

- 6.1 One of the main recommendations of the consultants' report was that the Life Skills offer to schools be changed. Given the cost to upgrade the existing audio-visual scenarios, a more flexible and engaging approach is suggested which involves role play and interaction rather than IT driven scenarios.



- 6.2 The Life Skills or Citizenship and Safety tours make use of a number of areas toward the rear of the building. These include:
- The Street: a double height street scene complete with shop fronts and a road with projection facilities for scenarios.
 - Transport Zone: the area has its own projection facilities and is designed to resemble a tube station. Transport safety scenarios are run and discussed here;
 - 360 Zone: a three dimensional 'white room' space where scenarios can be projected onto all four walls;
 - Kitchen: scenarios relating to healthy living are conveyed through the radio and an accompanying mocked-up newspaper;
 - Bedroom: scenarios relating to bullying and internet safety are conveyed through the desktop computers;
 - Living Room: scenarios relating to fire safety are conveyed through the television; and
 - Dining Room: scenarios relating to domestic abuse and Child Line are conveyed through a downward projection onto the dining room table
- 6.3 These spaces are reserved for Life Skills tours between 10am and 3pm on weekdays during term time. Groups rotate through the different areas, watching the projected scenarios, followed by question and answer sessions with the Life Skills tour facilitators. The full tour currently lasts circa 2 hours.
- 6.4 Following feedback, staff are developing workshop scenarios to accompany the tour projections to increase the amount of interaction and engagement with students through discussions and question / answer sessions throughout the tour.
- 6.5 Schools have asked if the tour programme could be extended to last a full day. Greater use of workshops and role play would mean the tours could be adjusted in length to meet this, and other facilities within the centre e.g. the MUGA and climbing wall etc. could be included. This would create the opportunity for a higher income return from each tour, as would providing catered lunches.
- 6.6 Based on an adjusted student capacity, which in turn is based on an average tour group size of 17,667 per annum, the 2013/14 figure of 4,606 represents 26% of capacity. This total was made up of 91 tours (23% of total capacity of 390 tours per annum), with a historical average income of £315.80 per tour.
- 6.7 Based on an average income of £315.80 per tour and a maximum capacity of 390 tours per annum, total income at maximum capacity equates to £123,162 per annum. Income from Life Skills tours in 2013/14 was £25,540.66, 24% of total income at maximum capacity. Projected annual income for 2014/15 is £33,262.73.
- 6.8 In the consultants' view there is significant room for improvement in the performance of the Life Skills tours: diversify the offer, reduce the reliance on technology and potentially reduce the amount of space they occupy in the building, particularly where this severely restricts the use of that space for any other purpose.



- 6.9 Concentrating the offer on set times of the year based around historical booking patterns could also make the tours more cost effective to deliver and make spaces available for alternative uses in the daytime.
- 6.10 More detailed information on the current performance and potential future use of each of the spaces is included in the consultants' report.

7. Options Appraisal

- 7.1 Officers have considered a number of scenarios and these are set out below. Members are requested to debate these options and then to instruct officers on the Committee's preferred way forward.

7.2 Option 1. Close the Life Centre and dispose of the building.

This option would require closing down or moving the key facilities provided at the Life Centre, most notably the library. There will be costs involved with this option beyond officer time and resource associated with the closure of the building and services and sale of the site. The main cost incurred will be the payback of the MyPlace grant of circa £4.1m. In addition rates, utilities, security and some ongoing maintenance will continue to be payable, albeit at a reduced rate, until the building is disposed of. There are constraints concerning potential future use of the site concerning planning (specifically transport issues), overhead electricity pylons and limited car parking facilities in the area. In addition to the loss of LBS provided services, external providers will cease to provide services to young people and other users, unless these are relocated elsewhere. This will include local community groups, Crystal Palace Football Club Foundation, Job Club and the Friends' Group. Further financial implications are contained within section 12.

7.3 Option 2. Transfer the Life Centre to another provider, retaining the library.

This option has been explored through initial feasibility dialogue with a local school, and voluntary sector providers and would necessitate capital expenditure to convert the building to other uses whilst retaining the library. Capital costs have been estimated at circa £2m for such works to be carried out. It is anticipated that this funding would need to be provided by LBS. There may be legal impediments to the transfer of the building to a third party. Savings associated with this option would be limited as the Council would continue to operate the library at an approximate annual cost of £174k per annum. It is highly likely that the MyPlace outcomes would no longer be met if this option were pursued at the point when transfer of the building is contemplated, in which case the Council would be required to pay back the grant of circa £4.1m in addition to the circa £2m conversion costs. Many of the services listed under Option 1 would be lost. Further financial implications are contained within section 12.

- 7.3.1 It should be noted that, in future years, a modified option 2 may become available. Should the overall costs continue to fall in line with the current trend (i.e. through a combination of falling costs and/or rising income) it may be possible to secure transfer of the asset under a revised operating model to a third party, possibly voluntary sector, organisation to run the facility under the current grant constraints. At this point in time this is not feasible.

7.4 **Option 3. Continue operations under revised operating model.**

This option is largely aligned to the consultants' report recommendation themes. It involves a comprehensively revised operating model with reduced costs and increasing income. Some steps are already in hand to progress this approach, without the use of additional capital or revenue expenditure. Potential staff savings of £100k per annum have been identified and a minimum of £12k per annum additional income from letting the cafe secured. These savings and income will be fully realised next financial year. Additional activity will be required to identify benefits in three areas; further cost reductions; bidding for external revenue funding; and generating income broadly in line with consultants' recommendations. This option avoids breaching the MyPlace agreement and requires no significant capital or revenue expenditure (outside existing budgets) and maintains current services. Continuing revenue input from the council will be required albeit diminishing.

8. Improving marketing and customer information

8.1 The consultants identified the need to improve marketing and promotion to encourage repeat bookings, supported by better quality customer insight. Weaknesses in the current system have been identified:

- There is no longer a dedicated marketing function operating for the centre. A Marketing Officer role was carried out as part of a temporary post for the first circa 7 months of operation, with a budget of £25,000.
- The initial marketing strategy focused on the development of the website and promotion of the school tours.
- More recently, this function has been primarily fulfilled by the Deputy Manager, with a focus on promoting the school tours and meeting rooms as the primary income generating areas.
- Little attention has been given to marketing the outdoor sports facilities, children's parties or the availability of alternative hireable space, with the exception of what already exists on the website.
- Marketing activity broadly consists of social media updates (c.1, 400 Twitter followers) and termly mail-outs to schools in Surrey, Kent and London followed up with phone calls. Staff report having difficulty in getting access to the relevant staff members at the schools within the targeted area, as school receptionists perceive the contact as a sales call and will not provide direct contact details.
- Advertisements are also placed in teaching publications but this is being reviewed to assess its effectiveness and cost. A new sales approach to the tours through use of a free assembly in schools is being devised.
- There is no block booking mechanism in place by which the centre encourages schools to commit to a number of tours for all age groups over a specified number of years, possibly for a slightly reduced rate.
- There is also no adequate bookings system in place, with bookings recorded through a combination of outlook calendar, Excel spreadsheet and hard copy booking form. This increases the possibility of booking errors, makes the process of booking more complicated and time-consuming for both schools and Life Centre staff, and reduces the capacity for centralised information to be retained and analysed easily.



- The marketing function is supported by an advertising budget of c. £8,200 per annum and a printing budget of £2,000 per annum.
- Overall, it seems that a disproportionate amount of staff resources are directed towards marketing the tours to individual schools for little return in terms of new bookings.
- Consideration should be given to making increased use of existing schools networks e.g. local / regional head teachers' networks, associations, Academy trusts, local education authorities, and repackaging the tours to provide a higher volume offer which guarantees increased income for the Life Centre over the longer term.
- Customer data currently held by the centre is limited. Data on library users is captured by the library management system, but this records issues only, so visitors using library facilities without borrowing are not logged.
- The people counter logs visits but there is no further indication of activity within the building. The lack of a proper electronic booking system has limited the quantity and quality of data relating to customers for other non-library areas.

8.2 A more proactive approach to marketing other aspects of the centre is also required through, for example:

- More visible signposting of facilities and services on offer through the visible frontage and library entrance area;
- Active promotion of the availability of the outdoor sports pitch for casual users, leagues, clubs and schools;
- Development of the children's party offer and development of marketing material; and
- Increased visibility of alternative service offers on the Sutton Life Centre website.

These improvement areas will be addressed in planned actions being devised to implement efficiencies in internal processes.

9. **Generating Income: Market Analysis**

9.1 In understanding the market within which the centre sits, the review identified a number of core activities that could help to generate income:

- Café/food and beverage provision: should be progressed as complementary to most of the activity within the centre and a key opportunity to capitalise on significant secondary spend from existing and future activities. The cafe has now been let and will provide an initial income of £12k per annum, with the potential for further growth.
- Children's parties could be developed further to link to catering and themed offers dependant on other activities on offer in the centre.
- Children's outdoor play should be explored further as way to attract casual day time and weekend visitors, generating secondary spend and maximising use of outdoor space
- Children's indoor soft play should incorporate programmed activity making use of underutilised spaces could attract a core market of parents with young children which would complement other potential uses and generate secondary spend opportunities.
- Climbing (indoor and outdoor) should not be progressed now due to cost and the requirement for significant investment in internal changes to the building and its impact on Life Skills tours.



- Dance/fitness studio for group exercise should be progressed as programmed group exercise sessions have a significant market; it would increase utilisation and income generation from the flexible spaces when not in use for Life Skills tours.
- Five a side soccer pitch (3G – outdoor, linked to resurfacing of MUGA) - resurfacing should be explored further as there is a significant market and a more modern surface would maximise income.

9.2 Each of the above is explored fully in the consultants' report, but within the time frame and the resources available for the study, the review provides only indicative assessments of the market potential, based on high level desktop analysis using the following principles:

- What is the potential market?
- What is the likely catchment area?
- Is there any competition in the immediate area?
- Would this activity be compatible with the centre?

10. Financial Performance

- 10.1 Consultants recommended that to improve financial performance the team will need to be restructured to reduce headcount, secure the right business skills and improve the utilisation of staff linked to cross skilling as detailed above.
- 10.2 Prices should be reviewed and given the unique product of the life skills offer, increased, linked to a changed and enhanced schools programme, which would represent greater value for money, as detailed above.
- 10.3 A computerised booking system is essential to enable the selling of space and capture of valuable customer data, linked to a sales database. This will assist future marketing and audience development for the centre. There could be opportunities to link into the council's leisure operator's booking system which currently services its leisure centres. This should be explored.
- 10.4 The Life Skills programme should move towards a model of delivery running for three periods in the year based on peak time demand. Staff delivering the sessions should be contracted, not permanent or sessional staff. Sessions should be booked two months in advance and priced to encourage advance bookings to assist in planning. This will reflect patterns of use by schools and enable the centre to free up space and time for other activities in the spaces previously used solely for Life Skills activities.

11. Consultants' View

- 11.1 The Consultants' view of potential ways forward to improve the viability of the centre are based on the assumption of no major structural modifications and the need to narrow the gap between cost and income.

There are 6 methods:



- **One:** Improve core services, reopen the cafe, improve marketing and sales data capture, redevelop the Life Skills offer and restructure the management team. Work has already been undertaken to progress some elements of this method, including letting the cafe that will draw an initial additional annual revenue of £12k, and scoping potential savings of £100k through service re-design.
- **Two:** Improve core services and internal efficiencies as above, make some adaptations to the building layout on an 'invest to save' basis and subject to a rigorous business case. This method has not been pursued as there is no related increase in revenue or cost saving.
- **Three:** As in methods one and two above but developing an indoor Rock Climbing Centre within the Street Area and improving the outdoor climbing wall. This requires investment. This method has not been pursued as there is no related increase in revenue or cost saving.
- **Four:** Close the centre, involving paying back the circa £4.1m grant, closing the library and diminishing the Life Skills/PHSE offer to schools.
- **Five:** Operate the library only, leaving the rest of the building out of commission and mothballed with associated costs; increased library costs due to loss of sharing overheads. Overall this method would provide poor value for money.
- **Six:** Invest Council capital in retro-fitting the centre and offer it to another provider. This would not meet the needs of the MyPlace Grant unless original Grant conditions continue to be met. Additional Capital Funding would be required for conversion of the building.

N.B. Methods have been drafted taking cognisance of planning considerations for the site, as set out further under section 12 below.

- 11.2 Method one would require an action plan to tackle current staffing model, improve internal data capture and marketing and improve the current Life Skills offer.
- 11.3 This method combines improving existing practices linked to new approaches to the overall service proposition for Life Skills, programming and operations.
- 11.4 The management structure of the SLC needs to reflect its core functions and the need to bring in income, based around selling space and delivering services to identified customer groups such as parents and children etc.
- 11.5 The consultants envisaged that to implement any method quickly, additional resources and skills may be needed to drive the changes and/or improvement through, to enable a financial impact to be made within the next two financial years. Once the majority of changes have been made, the management team can be optimally sized based on an efficient operation and is likely to require fewer resources than within its stage of transformation.

12. Impacts and Implications

Financial

- 12.1 If the decision is taken to close the building fully, including the library, the Council could save a maximum of £438,200 per annum (current 2015/16 budgeted costs after deduction of

overheads and depreciation charges, but assuming that we could save the full budgeted costs of the corporate facilities maintenance contribution and the current libraries re-charge). There would be some costs to decommission the building (security, perimeter fencing on-going maintenance, on-going business rate payment), which would affect the full recovery of savings until disposal was finally completed.

- 12.2 The site has a confirmed and current disposal valuation of £1.5m.
- 12.3 Closure and/or disposal of the building will require the MyPlace grant of £4.074 million to be repaid. Assuming realisation of £1.5m for the site (less any closure costs), broadly speaking, this would equate to a six year pay-back period assuming full and early realisation of revenue savings and ignoring any borrowing requirements and redundancy costs.
- 12.4 If the building were to be refitted at a cost of £2m capital and then transferred to a school as set out in option 2, with the Council retaining responsibility for the library, the ongoing revenue savings achievable would be in the region of £270k per annum, and the payback period, including the requirement to repay circa £4.1m would extend to a minimum of 22 years, with exceptions as above.

N.B these scenarios are approximated and are included only for illustrative purposes.

Legal

- 12.5 The Council obtained a MyPlace grant from The Big Lottery Fund for the construction of the Life Centre building. The grant stipulates certain conditions, which the Council is required to comply with or face financial consequences as set out within the grant funding agreement. A restriction on disposal in favour of The Big Lottery Fund is registered against the title of the land/building. This stipulates that the consent of The Big Lottery Fund is required before any application for registration of a disposition (such as a lease or sale) can be completed by the Land Registry.
- 12.6 If the Council seeks to change the use of the property from the use as described in the Council's grant application, the Council requires formal consent from the grant funder. The Council's option as set out in paragraph 8.1 above (Option 1) does not appear to be changing the use of the property from the use as described in the Council's grant application, so this option appears to be in line with the provisions of the grant.
- 12.7 Should the Council dispose of the property then this may trigger the financial conditions stipulated in the grant funding agreement with The Big Lottery Fund.
- 12.8 Under Section 123 of the Local Government Act 1972 a Council has the power to dispose of land or property in any manner it wishes.
- 12.9 Section 123 of the Local Government Act 1972 requires the Council not to dispose of land or property for a consideration less than the best that can be reasonably be obtained, unless the Secretary of State consents to the disposal.



- 12.10 In addition to the issues outlined above, there may be other specific legal implications for the property. Issues such as (without limitation) covenants on title, easements burdening the land and rights of third parties, may complicate or prohibit disposal. Such issues will be identified as a result of a detailed analysis of the title deeds and documents relating to each site.
- 12.11 In the course of making a decision as to which option to take forward, the Council should consider any implications under the Equality Act 2010 and ensure that it has had due regard to the public sector equality duty.

Planning Constraints

- 12.12 There are significant planning constraints and restrictions attached to the site and any redevelopment that impacts upon its potential for sale and alternative use. This includes but is not limited to the following:
- 12.13 Overhead high tension power lines suspended from adjacent pylons make the site unsuitable for the development of domestic dwellings.
- 12.14 There is limited space on the site and in the surrounding roads for parking and limitations on vehicle movements.
- 12.15 There are restrictions in place preventing late night events or activities.

13. Appendices and Background Documents

Appendix Letter	Title
N/A	N/A

Background Documents
The consultants' report is available upon request from the Environment, Housing and Regeneration Directorate.

Audit Trail		
Version	Final	Date: 1 September 2015
Consultation with other officers		
Officer	Comments Sought	Comments checked by
Finance	Yes	Christine Little
Legal	Yes	Susan Moussa Rowenna Warburton
Asset Management	Yes	Alison Boote