

SUBJECT:	MELVILLE THEATRE SITE - PROPOSED LEASE
MEETING:	CABINET
DATE:	9th January 2019
DIVISION/WARDS AFFECTED:	Priory / Cantref

NON PUBLICATION:

This report is not exempt from publication however Appendix 1 of the report is exempt by virtue of Part 4 of Schedule 12A of the Local Government Act 1972. It is excluded on the basis that it (a) contains information relating to an individual, (b) contains information that will reveal the identity of an individual and (c) contains information relating to the financial or business affairs of any particular person (including but not limited to the authority holding that information).

1. PURPOSE:

To consider the granting of a 3 year Lease to Melville Centre for the Arts CIC to further utilise the site promoting the arts through education, participation and entertainment serving the Local Community.

2. RECOMMENDATIONS:

- 2.1 To grant a 3 year lease of the Melville Theatre Site to Melville Centre for the Arts CIC.
- 2.2 To agree a Community Asset Transfer of the Site to Melville Centre for the Arts once Heritage Lottery Funding is secured during the 3 year lease period.
- 2.3 To offer an Option during the 3 year lease to Purchase Land adjoining Melville Theatre site for visitor car parking
- 2.4 To delegate authority to the Head of Commercial and Integrated Landlord Services to agree lease terms.

3. KEY ISSUES:

- 3.1 The Community Asset Transfer for the Melville Theatre Site gained Approval by Cabinet by Cabinet 7th October 2015 and by Council 21st January 2016 as part of the Budget Mandate.
- 3.2 Melville Theatre is a Single Storey Circa 1898 Property located on the outskirts of Abergavenny. The Property is Grade II listed and is currently occupied under Licence by

Melville Centre for the Arts, & Careers Wales. Dance Blast & Greenfingers also occupy Self Contained Buildings within the curtilage of the site

- 3.2 The Melville Centre for the Arts CIC (MCA) is a not for profit limited by Guarantee, Community Interest Company formed to develop the Melville Site and expand upon the activities, events and learning facilitated at the site. MCA Social objectives are to promote the arts through education, participation and entertainment, to promote inclusivity and well-being in the Community, encouraging New Art Projects, providing a welcoming space accessible to everyone.
- 3.3 Following an Expression of Interest and Selection process for the Community Asset Transfer of the Melville Site, Applicants were invited to submit a Business Case Proposal to evidence a viable Business Plan which was sustainable long term, and would continue to maintain local service provision. MCA were successful in their application, and it was agreed that a temporary Licence be issued to the MCA for the centre to remain open, whilst the Group further developed their Business Case. Existing Tenants were liaised with during the Community Asset Transfer Application process.
- 3.4 From early 2015, the Melville Centre was managed by the Melville Centre Working Group, whose Members were a group of local people who registered as a Company to develop and preserve the centre. Melville Centre for the Arts was established in June 2016. From March 2017, MCA has managed many aspects of the site under a Licence Agreement from MCC. This has enabled the Group to test trade, develop income streams through on going marketing initiatives. Resulting in new customer interest and demonstrating the strength of their Business Case. This organisation and the service it provides fully aligns with the Council's aspiration to develop sustainable and resilient communities and the Council's Social Justice Strategy.
- 3.5 The Current Budget for the Melville Centre is £55,000, with Rental Income at £10,000 pa. Dance Blast and the previous Theatre tenant receive 95% Rental Grants from MCC.
- 3.5 The future development of the Melville Centre relies on the ability to improve the site for users and provide adequate, safe access and parking, current access and egress to the site is severely restrained by the current narrow listed two-way entrance and vehicular movement is further compromised by the additional thoroughfare between the side of the main building and the fenced Greenfingers site. MCA have requested the purchase of (0.25acres) within the curtilage of the original site to remedy access problems and to provide parking. This has been independently valued with a Market Value of £40,000. Phase 2 HLF funding will include the purchase of this area, with an option to purchase within the 3 year lease period.

4. OPTION APPRAISALS:

Option	Benefits	Risks	Comments
Do not offer the lease	<ul style="list-style-type: none"> Premises remain under control of MCC 	<ul style="list-style-type: none"> The Group would not be able to secure funding to progress the Community Asset 	<ul style="list-style-type: none"> Whilst the premises would remain under the control of the Council. The Council

Option	Benefits	Risks	Comments
		<p>Transfer and would not be able to continue with the current licence arrangement</p> <ul style="list-style-type: none"> • The community would lose a valuable local resource and existing Groups utilising the site would have to seek alternative accommodation • Loss of potential grant funding to improve the built environment and local community infrastructure 	<p>is unable to gain vacant possession as existing tenants have protected leases. There would also be the impact of social and financial value that current services offer to the local Community and potential resources that the Council would need to provide to offset the lost services.</p> <ul style="list-style-type: none"> • The ongoing Maintenance Liability will remain with the Council
Grant a 25 yr Term lease	<ul style="list-style-type: none"> • The Council would remain Freeholder • Rental Income will be paid to Council • The Council would benefit through a reduced commitment to maintain the asset 	<ul style="list-style-type: none"> • MCA unlikely to be able to access significant funding without a Freehold Interest • MCA would not have funding to carry out repairs to the Grade II building 	Approval has already been made by Cabinet 7th Oct 2015 and by Council on 21st Jan 2016 as part of the budget mandate process' for a Community Asset Transfer of the site.
Grant a 3 year lease with a Community Asset Transfer Option & Sale of Adjoining Land for Parking once Heritage Lottery Funding is secured.	<ul style="list-style-type: none"> • MCA will be in a position to secure grant funding which will improve a council asset • MCA will be able to provide services which offset the need for Council interventions and expenditure • MCA aligns with the Corporate vision and is supporting and developing local communities • The Sale of the Adjoining land has been independently valued and will generate a Capital Receipt. A Market Value Sum has been agreed and it will be sold with a Clawback Provision • The Council have a right of pre-emption if the 	<ul style="list-style-type: none"> • MCA are unable to secure grant funding • MCA loses its volunteer base and is unable to sustain service provision for the 3 year timeframe • The costs of operating and maintaining the building are in excess of trading income during the 3 year period . 	MCA have made reasonable progress in managing the premises under licence, and are looking to secure HLF Phase 1 Grant Funding in January 2019 which will include a Centre Manager and all necessary Surveys, to progress to Phase 2 for Capital Funding required to development the site and purchase the adjoining land for parking. The development of Melville site will safeguard the future of the building and the services that they provide. The long

Option	Benefits	Risks	Comments
	premises are no longer used for Community Benefit or MCA fall away		term social value and cost avoidance to the Council make this the preferred option.

5. EVALUATION CRITERIA:

An evaluation assessment has been included at Appendix A for future evaluation of Whether the decision has been successfully implemented. This decision will come Back to this Committee in 12 months for review

6. REASONS

- 6.1 The Licence Agreement to MCA since March 2017 has provided a Valuable insight into the potential for their proposed Business Model, enabling good evidence for 3 year forecasts outlined in the Business Plan.(Appendix 1)
- 6.2 MCA are applying for Phase 1 HLF (£235,000) to be submitted by deadline January 2019. The success of this HLF application will trigger the transition from Licence to a Full Repairing Lease. The Lease will be ongoing until Phase 2 HLF further triggers the Community Asset Transfer and Sale of adjoining land within the 3 year lease period, anticipated in 2021.The Grant will include major upgrading of the floor space, fabric and energy efficiency of the main building, the provision of additional parking for site users, and new site access.

7. RESOURCE IMPLICATIONS:

- 7.1 The grant of a 3 year lease on the site with a FRI lease will mean a saving of £55,000 Budget but loss of £10,000 Rental Income. The Community Asset Transfer will enable Grant Funding to preserve and develop the site with no further financial obligation by the Council.
- 7.2 The Option of a Market Value Sale of the Adjoining land will receive a Capital Receipt of £40,000.
- 7.3 The Councils position will be safeguarded through the provision of a pre-emption and Clawback within the conveyance document, preventing the asset subsequently being disposed of for alternative provisions.

8. WELL BEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING)

Attached

9. CONSULTEES:

Local Ward Member – Cllr. Paul Jordan

Local Ward Member – Cllr. Tudor Thomas

Cabinet Member – Cllr. Phil Murphy

Monitoring Officer – Matthew Phillips

Legal Services – Joanne Chase

Head of Commercial & Integrated Landlord Services – Debra Hill-Howells

10. BACKGROUND PAPERS:

Appendix 1 - **Exempt from Publication**

MCA Business Plan & Account Statements.

Appendix 2 - Site Plan – Melville Site – 3 Year Lease & Community Asset Transfer

Appendix 3 - Additional Land (0.24ac) – Market Value Sale

11. AUTHOR:

Nicola Howells – Estates Surveyor Monmouthshire County Council

12. CONTACT DETAILS:

Tel: 01633 748338

E-mail: nicolahowells@monmouthshire.gov.uk