

Business Change Mandate (Including Budget Mandates) Proposal Number: B5

Title: Optimisation of Assets and Attractions

All information requested must be completed on the proposed mandate to enable the Cabinet to decide whether to proceed with the proposal.

Mandate Completed by	Deb Hill-Howells & Ben Winstanley
Date	14.09.15 Updated 8.12.2015

How much savings will it generate and over what period?
£160k in 2016/17
Directorate & Service Area responsible
Community Delivery and Commercial and People Development, Enterprise
Mandate lead(s)
Deb Hill-Howells, Ben Winstanley, Peter Davies and Ian Saunders

Final mandate approved by Cabinet	Date:
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1. Vision and Outcomes of the Mandate

Give a business context for the mandate. This must pick up on the vision and what the new / improved / reduced service will look like in the future including the anticipated experience of users. It must also consider any impact on the Council's key priorities and strategic outcomes. Similarly does it impact on service performance within the immediate service area or any impact on other services provided by the authority / any other providers. In doing so, the mandate must be tested against the equality impact assessment and sustainable development impact assessment and must consider impact in relation to the new Future Generations Bill.

What is the issue that the proposal is seeking to address?

To reduce holding costs by transferring assets to community organisations that are in a position to continue to deliver local services through acceleration of Community Asset Transfer (CAT). To increase income opportunities through optimising assets and attractions by working in partnerships with those organisations and partners able to allow us to achieve aspirations and create new markets and opportunities.

What evidence have you got that this needs to be addressed?

Localism Act 2011, ongoing consultation by WAG to adopt / amend this provision.

Local groups/ organisations are already in the process of undertaking a community asset transfer, Raglan Village Hall group being the first application approved by Cabinet in July 2015.

There are opportunities to extend our reach in terms of new income generation through optimising the use of our assets and attractions. However with too few people to enable us to achieve this, manifest need for capital investment and the requirement for expertise and specialisms in areas such as event planning, catering, targeted marketing and extending reach to global markets – there is a need to identify and work with the partners that are able to help us achieve this.

How will this proposal address this issue

This mandate proposes that transfer of 2 assets which currently facilitate the provision of local services. Melville Theatre is a single storey circa 1898 property located on the outskirts of the town centre in Abergavenny. The property is grade II listed and is occupied by Regulatory Services, Gwent Careers and Gwent Theatre. Green fingers and Dance Blast also occupy self-contained buildings within the curtilage of the site.

Chepstow Drill Hall is a single storey property situated at the rear of Chepstow Museum. The property is occupied by Chepstow Town Council and Chepstow Boxing Club.

Should we proceed with a transfer of the asset to local community organisations (which are able to demonstrate a robust and viable business case) the Council will be ensuring the sustainability of local facilities whilst reducing its revenue operating costs.

We will also enter into a competitive process to identify suitable partners that may wish to work with us to optimise use of our prime assets for community and large-scale events, festivals, accommodation and other income-generating activities.

What will it look like when you have implemented the proposal

In the event that the Council agrees to the release of the two assets, local groups will be invited to apply to take over the assets. The proposal will involve them evidencing that they have a viable business plan, are sustainable in the longer term and will continue to maintain local service provision. The Council's position will be safeguarded through the provision of pre-emption and clawback clauses within conveyance documents which will prevent the assets subsequently being disposed of for alternative provision.

The proposed community asset transfers will support the Council's vision of sustainable and resilient communities, result in a reduction in property holding costs, whilst empowering local communities to deliver local services.

Discussions would need to be concluded with Gwent Careers to advice of the proposed change in ownership, but their lease will continue to safeguard their occupation. It is proposed that regulatory services are transferred to the Community Learning and Youth Centre at Pen y Pound. This would require some adaptations to facilitate a self-contained entrance for users of the service. There is sufficient office accommodation and car parking to enable this provision.

Green Fingers could continue insitu at the Melville Theatre Site (their occupation could be excluded from any transfer or regularised into a long leasehold on a peppercorn rent) or they could also have the option to transfer to the Community Learning site.

It is anticipated that the local groups may need support preparing business plans and in the transition year following transfer, we would propose that the Council provides this support through advice technical support rather than revenue provision.

In relation to asset optimisation – the 'end product' will be a commercial partnership(s) that enables us to create broader reach in terms of marketing, attracting new international markets, high-order events and optimisation of our assets to allow exploration of new areas and potential in order to achieve higher levels of sustainable income.

Expected positive impacts

The continuation of local services, upskilling of local communities and the maintenance of valued local provision. The Council will benefit through a reduced revenue commitment to maintain assets that are currently being held to provide local services.

The Council can work in partnership with tourism and heritage industry experts in order to reduce costs, become more efficient and generate new sustainable revenue flows.

Expected negative impacts

It is proposed that the assets are transferred at less than best price, using the powers afforded via the General Disposals Consent Order 2003. Therefore there will be the loss of a capital receipt to the Council (all capital receipts are currently ring fenced to the 21st century schools programme) which could impact on the Council's ability to deliver current capital commitments.

There may be some community reaction since the Council will no longer be the sole party or provider, of assets and attractions in the future. There may also be some minor limitations on public access to certain areas at certain times, when private events may be in operation. The end game however, is generating new and additional income through which to support the upkeep of assets in order that they remain sustainable features of the local offer.

2. Savings proposed

Show how the budget mandate will make savings against the current service budget. This must cover each year implicated. This section must also cover any other efficiency that will arise from the mandate.

What savings and efficiencies are expected to be achieved?								
Service area	Current Budget £	Proposed Cash Savings £	Proposed non cash efficiencies – non £	Target year				Total Savings proposed
				16/17	17/18	18/19	19/20	
Estates (Melville Theatre)	55k (actual cost in 14/15)	50k (would be loss of rental)	0	50k				50k This is the net cost to the Council.
Estates (Drill Hall, Chepstow)	10k (actual cost in 14/15)	10k	0	10k				10k
Income generation through commercial partnerships aimed at optimisation of events, marketing, private engagements and complementary activity on council sites, assets and attractions		£100k new income generation		100k				100k

3. Options

Prior to the mandate being written, an options appraisal will have taken place. Summarise here the outcome of the Options considered and detail the rationale on why they were disregarded. (see options appraisal guide for further information)

Options	Reason why Option was not progressed	Decision Maker
Withdraw concessionary rental grants from Gwent Theatre and Dance Blast, thereby increasing the rental income from the building to offset running costs.	This would result in increased financial burdens to local community organisations that are unlikely to be able to sustain this uplift and would potential close result in a loss of service to the local community.	Estates
Sell the asset at market value	Current occupiers have leases that prevent MCC from gaining vacant possession and therefore we would be required to sell the asset with the sitting tenant's insitu. This would reduce the value of the asset and would not provide any safeguards for the existing occupiers in the longer term.	Estates
Change the use of the asset to maximise value	Initial discussions have been undertaken with the Local Planning authority, given that the site is located within a flood plain and the main building is listed, there are currently no viable alternative uses.	Estates
Continue to operate the sites and attractions as they are currently run	Scenario planning exercises demonstrate that a 'business as usual' approach at a time when funds are significantly reducing and income generation targets are floundering, would be extremely dangerous.	TLC
Dispose of assets and attractions	In the medium-term the assets and attractions are part of explorations around Alternative Delivery Model work 'Trust Plus'.	Estates and TLC

4. Consultation

Have you undertaken any initial consultation on the idea(s)?		
Name	Organisation/ department	Date
None		

Has the specific budget mandate been consulted on?		
Function	Date	Details of any changes made?
Estates Team Meeting	13th August	Review of options that led to proposal.
Other Service Contributing to / impacted		Preliminary discussions with Community Learning as regards capacity at centre in Pen y Pound.
Senior leadership team	November 2015	Agreed to add 'asset optimisation' to mandate
Select Committee		
Public or other stakeholders		
Cabinet (sign off to proceed)		

Will any further consultation be needed?		
Name	Organisation/ department	Date
	Procurement	Dec 2015
Community occupiers & groups		
Regulatory Services	Chief Executives	
Green fingers	Social Services	

5. Actions to deliver the mandate

Describe the key activities that will be undertaken to deliver the mandates and the action holders. This includes any actions contributed to by other services. Give the timescales to complete the work. This must also factor in any business activities that will need to be done differently or cease in order to achieve the mandate.

Action	Officer/ Service responsible	Timescale
Undertake consultation with stakeholders	Estates	Oct – Jan
Identify costs to re-locate regulatory services to Pen y Pound	Property Services/ Estates	Oct
Secure funding for required adaptations	Estates	Nov - Feb
Identify preferred position of Green fingers and adapt plans accordingly	Social Services/ Estates	Oct – Jan
Invite expressions of interest from Community Groups who would wish to take over assets	Estates	Jan – Feb
Work with preferred bidders to develop viable business plan and effect transfer	Estates / Legal	March – June
Develop and issue tender brief to market for asset optimisation – select preferred partners and develop legal and contractual arrangements	Estates/ Legal/ Procurement/ TLS	January-March 2016

6. Additional resource/ business needs

Describe any additional finance, resource and capability needed in order to carry out the proposed mandate successfully. For example new funding, expertise e.g. marketing and knowledge etc.

Any additional investment required	Where will the investment come from	Any other resource/ business need (non-financial)
Works to CEC building at Pen y Pound in event Green fingers and Regulatory Services transfer locations	TBC	
Any outstanding repairs & maintenance will need to be completed prior to transfer	Property Maintenance Budget	
Community groups / councils may require support for 12 months to enable the transfer of the asset.	TBC	Specialist advice on preparing a business plan, running and maintain a service and building.

7. Measuring performance on the mandate

How do you intend to measure the impact of the mandate? This could include: speed of service; quality of service; customer satisfaction; unit cost; overall cost. For advice on developing performance measures you can contact Policy and Performance Team, for advice on unit costs speak with your directorate accountant.

Focus- Budget / Process / Staff / Customer	Indicator	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Budget	Reduction in property holding costs	60k							
Budget	Increase in income generation through which to contribute to sustaining cultural, tourism and heritage assets and attractions	100k							

8. Key Risks and Issues

Are there any potential barriers and risks that will need to be managed in delivering the mandate, including any negative impacts identified in section 1 that need to be accounted for. Also, set out the steps that will be taken to mitigate these. The risks should be scored in accordance with the [council's policy](#).

Barrier or Risk	Strategic/ Operational	Reason why identified (evidence)	Risk Assessment			Mitigating Actions	Post mitigation risk level
			Likelihood	Impact	Overall Level		
Community groups do not want to take over sites	Operational	Will be need for community groups to take over running costs and management arrangements. They may not have capacity / resources to do this.	High	High	High	Provide support & advice for a 12 month period following transfer (but not revenue). Help community groups to develop business plan prior to transfer to support fund raising activities	High
Community groups may want buildings upgraded prior to transfer	Operational	Previous experience of Park Street transfer	High	High	High	Ascertain any outstanding repairs & maintenance and undertake prior to transfer – not improvements	Med
Lack of funding to upgrade Pen y Pound building prevents re-location of Regulatory Services and Green fingers	Operational	No funding for works currently in place. If unable to re-locate services we will be unable to undertake asset transfer (we would not want to increase holding costs by entering into a lease with associated rental & service charge commitments).	Med	High	High	Finalise discussions with services to ascertain operational need, finalise designs and securing funding (based on minimal adaptations to enable efficient running of service).	Med
Transfers may	Strategic	No CATs have	Low	Med	Med	Pre-emption and clawback rights enable	Low

<p>take place and groups not sustainable after limited period of time, resulting in loss of capital asset and potential depreciation of the building and loss of local services</p>		<p>currently taken place in Monmouthshire so no evidence of long term successful projects. Nature of community organisations (excluding town & community Councils) is that they rely on volunteers and therefore potentially less resilient if not successful in recruiting and maintaining volunteers and funding.</p>				<p>Council to step in and prevent asset being sold for alternative use. Also need to investigate step in rights in the event that the community organisation folds or ceases to provide services.</p>	
<p>Little or no interest from the market in commercial partnerships or JVs to enable asset optimisation. In turn this may result in service withdrawal or limited availability (for example, reduced opening hours) for certain assets and attractions</p>	<p>Strategic</p>	<p>Some of the assets have manifest and significant investment needs – this may dampen appetite of potential partners.</p>	<p>Medium</p>	<p>Med</p>	<p>Med</p>	<p>Test for EOIs, begin exploratory conversations with potential partners and seek great practice examples from other places.</p>	<p>Med</p>

Underscore income targets	Strategic	Income generation is already struggling due to the issues already cited in this mandate. Given the timescale pressures, it may not be possible to get agreements and partnerships in place and make a full year's revenue generation.	Medium	Med	Med	Track process to agreed timescales and be clear about investment needs in order for any 'invest to generate' issues to be known about and planner for, up-front	Med
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9. Assumptions

Describe any assumptions made that underpin the justification for the option.

Assumption	Reason why assumption is being made (evidence)	Decision Maker
Community groups come forward to take over buildings	If no incorporated community organisation comes forward we will not be in a position to undertake transfer (we could however choose to sell them and reduce holding costs albeit that the capital receipt would be reduced due to sitting tenants)	Community organisations /MCC
Members agree to the transfer	If member approval not forthcoming, then will be unable to make savings	Cabinet
Members agree to any potential partnerships or JV	If member approval is not forthcoming, income generation cannot occur	Cabinet
The community will support the arrangements and understand that new ways of working must be explored and adopted if assets and attractions are to be sustained.	Community support will be critical to success of potential partnerships	Friends of groups, volunteer groups and local community groups. Town and community councils will play a key facilitating and supportive role.

10. Monitoring the budget mandate

The budget mandates must be monitored through directorate budget monitoring. This will lead into corporate budget monitoring. In addition the action plan, performance measures and the risk assessment must be transferred into the service plans for the business area in order to monitor and challenge the delivery of the budget mandate, including the savings being achieved and the level of impact.

11. Evaluation

It is important to evaluate the impact of the mandate once it has been fully delivered to know whether it has successfully achieved what it set out to do and to ensure that findings can be used to inform future work.

Planned Evaluation Date	Who will complete the evaluation?
March 2017	Estates Manager / Directorate accountant