

## CLAIR HALL: UPDATE

REPORT OF: DIRECTOR OF RESOURCES AND ORGANISATIONAL DEVELOPMENT  
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Wards Affected: Haywards Heath  
Key Decision: Yes  
Report to: Cabinet  
11 September 2023

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### Purpose of Report

This report provides an update on the outcome of the work commissioned in December 2022, and to set out the findings and proposed options for delivering a long-term, viable, cultural venue on the Clair Hall site.

### Summary

1. Significant work has been carried out over the last few months to investigate options for ensuring the Clair Hall site offers a long-term viable cultural venue for generations to come.
2. The current Clair Hall building requires significant investment to provide a fit-for-purpose cultural facility for residents of Haywards Heath and beyond. Officers have undertaken work, supported by experts in both the property and cultural sectors, which has concluded refurbishment is a financially prohibitive option and not attractive to the cultural sector. The detail of this work is set out in this report.
3. This report therefore establishes the principle that in order to deliver a long-term solution, investment is achieved via mixed-use redevelopment of the site with capital receipts from housing funding a new cultural facility.
4. It should be noted that the construction market is uncertain and that all sectors are still in a post-pandemic recovery phase, meaning any development work is not without significant challenges. As a more general principle, a development such as this is a significant undertaking and must be approached with professional support throughout. It will be vital to continually seek professional sector expertise and ensure expert advice and evidence is taken into account at each decision point.
5. As part of a commitment to transparency the work represented in this paper will also be presented as part of a series of engagement sessions in late August and early September.

### Recommendation

6. **That Cabinet:**
  - (i) **Recommends to Council, in principle, the regeneration of Clair Hall by way of a mixed-use development to provide a new cultural facility, funded through the land value. This agreement is subject to due diligence, a clear evidence base and further work and governance, as set out in the body of this report.**
  - (ii) **Asks Officers to report to Cabinet, (and to Council as appropriate) in a timely manner, as proposals mature. The next milestone is likely to be formal recommendations for the procurement of a cultural operator and partner.**

- (iii) **Agree that a cross-party, politically balanced, Executive Steering Group is established, to enable Member input and consensus building, whilst also progressing at pace. The terms of reference are set out at Appendix A.**
  - (iv) **Agree that Officers should request, and assess the viability, of any alternative community proposals received before 13th October 2023.**
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## **Background**

7. Considerable work has been undertaken during and after the pandemic to provide a long-term financially viable solution to deliver a cultural venue on the Clair Hall site.
8. Work was undertaken by BOP (cultural economy advisors) to understand the local market, generate red lines for redevelopment and establish some broad options. The latter were:
  - Model 1 – refurbishment of the existing building funded by an improved income stream from cultural uses
  - Model 2 – a completely new building funded by an improved income stream from cultural uses
  - Model 3 – a new building funded by residential development, also on the Clair Hall site
9. Alongside the work undertaken by BOP a condition survey was commissioned in April 2022 and found that Clair Hall and the Redwood Centre had a combined maintenance liability of £2.9m in the first 5 years rising to £5.6m for thirty years.
10. In October 2022 BOP reported back to Cabinet and Model 2 was dropped, as it was not commercially viable. It was agreed that Lead Advisors should be appointed to take models 1 & 3 to market.
11. In December 2022 the agents Montagu Evans were appointed as Lead Advisor, supported by Augarde & Partners who are cultural development specialists.
12. Since December 2022, the Lead Advisors have been running soft market testing on models 1 & 3 to see which would be acceptable to the market. They have engaged with multiple operators and sector experts to exhaustively assess opportunities to deliver both options.
13. For Model 1, 27 creative and cultural sector operators were approached by Augarde including:
  - Cinemas
  - Studio and creative workspace providers
  - Arts centres
  - Live performance operators
  - Theatres
14. There was limited interest in the building as it currently stands, with most operators indicating no interest, and a small number of operators only prepared to consider it if the Council invested significantly to deal with building maintenance issues and a modernised fit-out.

15. There was cautious interest in a new building on the site. The majority of this interest was from cinema and creative workspace operators. The former would work well with theatre/public events by utilising a dual-purpose auditorium. This feedback fed into the work to consider Model 3.
16. For Model 3, Montagu Evans worked with HLM architects to establish a high-level design for the site and ran a standard residential appraisal to see if this could generate sufficient value to cross-subsidise the cultural provision. They found that this is broadly workable, though not without risk (see below).
17. To assess market appetite Montague Evans then ran a soft-market testing process with 15 developers and found that there was interest in the site across the board, from residential developers, build-to-rent and later living specialists.
18. As a result, the outcome of the first stage of the Lead Advisor's work is a recommendation that Model 3 should be taken forward to market, through the provision of a procured cultural partner engaged first, who would work with the Council to inform the procurement of a development partner.
19. This approach could lead to an attractive proposition to both the cultural sector and the development sector who would have a clear brief on the cultural ambition and requirements at the procurement stage.
20. However, it should be noted this is a complex project which is currently at the concept stage with work required at every stage to confirm feasibility and viability. At each decision point, appropriate due diligence will be undertaken to properly advise Cabinet and Council on the expert advice and the risks as appropriate.

### **Future Proposal - Outline**

21. The work done by HLM architects has resulted in a scheme with the following components:
  - 10,000 sq. ft independent cinema/cultural venue/performance space
  - 5,000 sq. ft community/creative workspace
  - 125 residential units
22. An early image of how the redevelopment could look is shown below. It must be noted that this is a concept design which indicates how the required elements of the scheme might fit into the site in a way that could meet planning and other requirements. The design will continually evolve as requirements are clarified and specific briefs are agreed at each point.



23. This is based on a layout which entirely separates the residential and cultural elements. It should be emphasised that this is at a very early stage in the project and the design will develop as the scheme progresses.
24. To move forward the Lead Advisor Augarde, working with the Council, will be instructed to develop a procurement strategy and draft tender documents so that cultural and developer partners can be found to deliver the project. Once the strategy and documents are complete the project will return to Cabinet for further review and approval to proceed.

### Governance

25. To enable Member oversight and involvement, alongside delivery at pace, it is proposed a cross-party, politically balanced, Executive Steering Group is established, and that Group Leaders are asked to nominate its Members.
26. The Steering Group will create consensus and provide advice and recommendations to the Executive. As a Steering Group of the Executive, its function will be distinct from the Scrutiny for People and Communities which will continue to provide scrutiny and oversight in line with its work programme.
27. The Terms of Reference for the Steering Group are at Appendix A.
28. In addition to informal governance the project will require a series of decision points for both Cabinet and Council. It is proposed to report regularly and reconfirm viability and deliverability at each key junction in the programme. These key decision points may change but are at present likely in line with the programme below. As ever, in order to protect the Council and its residents the best available advice will be sought to enable recommendations which result in the right long-term decisions.

### Programme

29. An indicative programme is as follows:

Stage	Months
Development of tender documentation and Cabinet approval	6
Public Contracts Regulations compliant procurement process	9

Developer design completion and planning approval	12
Demolition	6
Construction	18
Occupation	3
<b>Total</b>	<b>54</b>

30. Assuming Cabinet agrees with the principle of redevelopment the above indicative timeframe could get to project completion in early 2028. It must be noted that at this point, timescales are highly likely to vary.
31. It is envisioned in the long term that a Trust will be established to oversee the cultural element of the scheme. To enable this to succeed it is proposed that the Trust approach is developed to be ready to step in once the cultural building is up and running.

### **Engagement, Transparency and Communication**

32. Work on this scheme will place regular and transparent communication at its heart. A long-term solution is complex, and many viability challenges remain. The programme will have at its core a commitment to open dialogue including sharing where decisions are complex and require compromise.
33. It is therefore proposed to establish a cross party Member Steering Group, which alongside information from the Executive and Officer team, will ensure regular updates to stakeholders through the Council's Engagement Hub and other channels.
34. To begin this process a series of engagement sessions were held in late August and early September. As of the publication date of this paper the first sessions in late August had been held and were very well attended.
35. Engagement feedback will be fully collated after all the sessions, but there are some key themes emerging; a broad consensus a new building is the right option, and that a long-term Trust model is welcome. Some concerns were raised about deliverability and timescales. Parking and meeting the needs of a wide and diverse range of community needs and ambitions were also raised as issues to address through further work and dialogue. Overall, the engagement was hugely welcomed and, as set out in this paper, this approach to open dialogue will continue.

### **Meanwhile Uses**

36. In December 2020 the NHS moved into the building to deliver Covid vaccinations under a licence, on the basis that they would cover utilities and day-to-day maintenance costs.
37. Part of the work that Augarde & Partners has done in assessing market interest is to look at meanwhile uses. Potential operators have said that they would require the Council to carry out substantial works to bring the building back into use as a cultural venue at a cost of between £500k - £1m. Given that demolition will be taking place in 2-2.5 years this would not be a sensible use of public funds.

## **Financial Implications**

38. There are no specific financial implications to the recommendations in this paper. The work required will be paid for from previously agreed budgets. However, in recommending the in-principle approach above it should be noted that there will be further decision points which may come with financial risk or underwriting.
39. It is therefore proposed a clear principle of transparency and continuous reporting to both Council and Cabinet be in place, setting out not only decision points, but risk, exposure and, if required, alternative approaches.

## **Risk Management Implications**

40. Most cultural venues run at a loss. Careful work is therefore needed to ensure the risk of long-term and significant public subsidy is minimised for local taxpayers. It is therefore vital to engage those with expertise to ensure the advice given to Members best enables them to make long-term financially sound decisions.
41. This is also a highly specialist area of activity. The Council is taking the best advice available on this work from experts in each sector, in order to ensure decisions about Clair Hall are made from a strong evidence base and in close partnership with sector experts.
42. The viability of any development is broadly a function of two variables, the first is cost in terms of site acquisition and total cost of construction, and the second is value in terms of receipts from sales and income streams generated.
43. In respect of cost, construction inflation has been significantly more variable in recent years due to global events and represents a considerable risk to the project.
44. On the value side UK house prices are currently falling but structurally the market still suffers from a lack of supply. In addition, the local market is more buoyant than many others.
45. For both of these risk factors the Council will limit its exposure by engaging with a developer to deliver the project and this partner will take on the majority of the inflation and housing market risks. Once a development agreement is entered into then there will be some assurance that the new facility will be delivered though it may be the case that, to get a competitive bid, the Council will have to underwrite an element of the risk that capital receipts do not cover the cost of the new cultural facility. This issue will be further clarified when the project returns to Cabinet prior to the commencement of procurement.
46. As with any scheme there may be points where the continuous assessment of viability necessitates realignment of the scheme or approach or to exit. This paper sets out an ambition that current viability shows could be deliverable. This will remain under review and Cabinet and Council continually advised of the current picture.

## **Equality and Customer Service Implications**

47. An Equalities Assessment will be carried out prior to procurement of the developer and included in future reports when procurement is recommended.

## **Sustainability Implications**

48. As this project aims to construct a new facility that will be directly controlled by the Council, any designs or specifications will be in accordance with the Council's Net-Zero commitments.

49. Taking a 'new build' approach is the only realistic solution to delivering a building which supports forthcoming net zero targets.

**Other Material Implications**

50. None.

**Appendices**

Appendix A – Clair Hall Cross-Party Member Steering Group

**Background Papers**

None

## **Appendix A – Clair Hall Cross-Party Member Steering Group**

### **CLAIR HALL EXECUTIVE STEERING GROUP**

#### **TERMS OF REFERENCE**

##### **Objective**

To provide cross-party oversight, including making recommendations to Cabinet at each key stage of the Clair Hall programme.

##### **The aim of the Clair Hall Members' Steering Group is:**

- To support the Executive in decision-making through receiving and considering advice from Officers and sector experts.
- To provide political oversight, generating consensus across the Council.
- To provide guidance and recommendations for consideration by the Executive at each decision point.
- To receive, as appropriate reports on design, delivery, community facilities, financial viability, and risk.
- To take a community leadership role in generating strong awareness of the ambitions of any scheme, including the challenges and risks.
- To support ensuring that information is communicated openly and transparently and support the accuracy of debate including in the community.
- To consider the long-term operating model for the site including Trust models and make recommendations to Council.
- In the event of a project to deliver a new build or major refurbishment being approved:
  - Reviewing and commenting on the procurement specifications.
  - Reviewing and commenting on the designs produced by the appointed architects.
  - Reviewing the design process and the incorporation of consultation and feedback into the overall design.
  - Review, comment and make recommendations where appropriate regarding the inclusiveness of the process, ensuring that stakeholders across the community are equally represented.
  - Review, comment and make recommendations where appropriate regarding progress against the programme.
  - Review, comment and make recommendations where appropriate regarding progress against financial viability and risk.

##### **Membership shall comprise:**

- 12 Members
- Appointed by Group Leaders
- Politically balanced



**Meeting frequency:**

The Members' Steering Group will meet as required by the programme of work and within a timeframe that allows advice to be provided to Cabinet. Additional meetings are held with the agreement of the Chair.