

CLAIR HALL - FINANCE UPDATE

REPORT OF: Director Resources and Organisational Development
Contact Officer: Rafal Hejne, Interim Head of Organisational Development
Email: rafal.hejne@midsussex.gov.uk Tel: 01444 477354
Wards Affected: All
Key Decision: Yes
Report to: Cabinet
19 December 2022

Purpose of Report

1. At its meeting on 17 October 2022, Cabinet approved a procurement exercise to commission a specialist broker/agent to secure investment in the Clair Hall site. Having identified specialist partners, this report recommends Cabinet agree necessary funding to enable this work to commence.

Summary

2. In October, Cabinet agreed the recommendations of the specialist advisor (BOP) on a methodology for taking forward the Clair Hall project. Cabinet requested officers procure a specialist broker/agent to support the next phases of the project. This work has now been completed and officers are ready to progress this work.
3. In December 2021, Cabinet created a reserve of £100,000 to fund the specialist work and advice. The reserve has not yet been fully spent, however, following a market analysis and procurement exercise, additional funding will be required to complete work to deliver investment on the Clair Hall site. The report therefore recommends adding additional funds to the existing reserve.

Recommendations

4. **The Cabinet is recommended to:**
 - (i) **Approve a virement of £50,000 to enable work to commence immediately.**
 - (ii) **Approve a further transfer of £135k from General Reserve to the Clair Hall reserve to fully deliver all three phases of this work.**

Background

5. The Clair Hall site is located in Haywards Heath and includes Clair Hall, the Redwood Centre, and a car park. The hall is a multi-purpose venue comprising a large main hall, a function suite, studio, and bar area. The Redwood Centre is a smaller single-storey building. Both venues are well-known destinations next to Clair Park and continue to play an important part in the lives of residents.
6. Currently, Clair Hall is being used by the NHS, including as an important vaccination centre. The Redwood Centre is currently leased to the Scouts and sub-let to a nursery on weekdays.

7. The Cabinet has had a series of reports on Clair Hall in the last 12 months. Most recently, in October, the Cabinet considered and agreed the recommendations of the specialist advisor (BOP) to take forward two investment models:
 - **Model 1:** Refurbishment of the existing buildings on the site by a party who can raise the operational expenditure to maintain and run Clair Hall's existing buildings on a leasehold basis
 - **Model 3:** Development of the site by a party who can develop the site with both a cultural/community facility and facilities with other uses on a leasehold basis

Work planned

8. Following BOP's advice, the Cabinet requested officers to commission a specialist agent with a national reach and with experience of securing cultural anchor tenants (or having access to a specialist cultural broker) to plan and deliver the next steps.
9. This work has been completed and the multi-disciplinary team led by Montagu Evans, one of the largest property consultancies in the country, has been selected to lead the work. They have partnered with cultural specialist Augarde Consulting to support this commission.
10. The invitation to tender, as advertised through the Homes England Property and Financial Professional Services Framework, can be found at Appendix A. Please note the dates in the brief are only provisional and are subject to confirmation of an agreed work plan with the specialists.
11. At this stage the Council is only committing to undertake work to deliver the first stage, as agreed by the Cabinet in October. In the first instance, the work will focus on developing an approach to how the Council should market the models in order to secure the necessary investment and deliver on the success criteria agreed by the Cabinet. This will include developing the success criteria into a briefing pack which describes the expected deliverables for the site. The brief will build on the feedback from the consultation and engagement and evidence gathered to date.

Clair Hall Reserve

12. In December 2021, Cabinet created a reserve of £100,000 to fund the specialist work and advice in this project. The reserve has funded BOP's commission, as well as specialist advice and multiple surveys. The outcomes of this work were reported extensively in the July and October Cabinet reports.
13. Currently, there is £15k remaining in the reserve. Having completed the procurement exercise, officers estimate that the Council should put aside £200k in order to support the next phases of work. It is therefore recommended that a further £185k is moved to the reserve to support the work going forward. Each phase will have a decision gateway before officers progress the work.
14. As previously discussed, these are very difficult market conditions to deliver projects of this nature. In addition, the market for specialist support is competitive and the cost of living crisis created extra inflationary pressures on the cost of their services. The predicted costs are in line with officer expectations for work of this type and represents value for money in the current market. The investment made into this robust, evidence based approach will help improve the Council's chances to attract the necessary partners (and investment).

Financial Implications

15. It is proposed as part of the broader earmarked reserves review that £135k is transferred from the General Reserve to the Claire Hall Reserve with a virement being made for the £50k balance to commence the agreed work immediately.
16. The Council is under financial pressure and the current funding position for Clair Hall is not sustainable. As noted in the work to date, there is a need to secure an external funding source for delivering either Model 1 or Model 3 and ongoing provision of the facility. The work to date highlighted that model 1 alone would require £2.9 million in the first five years to bring the buildings up to a modern operational standard.
17. As part of the planned work, the Council will continue the approach to secure external funding to improve community facilities on the Clair Hall site that can benefit the residents of Hayward Heath and the wider district.
18. The Council has a strong record of attracting inward investment, both public and private, to support the development of our communities. The Strategic Growth Programme for Burgess Hill is the most ambitious programme of change anywhere in the region and totals some £1bn from both public and private sources.
19. Central to this work has been this Council's determination to secure significant community facilities for local communities; new schools and community hubs including retail shops, substantial community open space, children's play areas, allotments, and sports facilities.

Risk Management Implications

20. Due to high inflation and the volatility of market conditions, planning and delivering property investment projects remain extremely difficult as these factors impact the availability of funding or investors' return on investments, often making many schemes unviable. Many existing projects of this nature report significant cost increases, some to the point they become unviable. This will be monitored and will be a significant factor in the decision-making on the future of the Clair Hall site.
21. The work to date has enabled us to get a richer picture of the impact of the pandemic and the current economic position of the arts, and leisure sector in particular; the impact on residents' habits and needs are still emerging and will be considered further in the next stages.
22. There remain risks and uncertainties around planning for future provision, which will continue to be addressed through an evidence-driven approach as the work examines specific models and opportunities.

Policy Context

23. None,

Equality and Customer Service Implications

24. None

Sustainability Implications

25. None.

Background Papers

26. None