

CHESHIRE EAST COUNCIL

Cabinet Member for Prosperity and Economic Regeneration

Date of Meeting: 28th May 2012
Report of: Strategic Director for Places and Organisational Capacity
Subject/Title: The Old Town Hall, Macclesfield
Portfolio Holder: Councillor Jamie Macrae

1.0 Report Summary

- 1.1 This report seeks to present the potential future delivery options for the operational management of the Old Town Hall, Macclesfield and recommends approval to tender the opportunity to external providers.

2.0 Recommendations

2.1 That

- (1) the vision and objectives for management of the Old Town Hall be approved as outlined in Section 10 of the report;
- (2) Cheshire East Council seek to procure a service provider to deliver the operational management of the Old Town Hall, Macclesfield;
- (3) the appointment of the service provider be undertaken in accordance with the obligations imposed on public bodies by the public procurement regime; and
- (4) delegated authority be given to the Strategic Director for Places and Organisational Capacity to award a contract and grant a lease to the preferred bidder, in consultation with the relevant Portfolio Holder(s).

3.0 Reasons for Recommendations

- 3.1 Following extensive refurbishment of the Old Town Hall, the Council is keen to secure its long term future whilst, at the same time, making the venue an attractive community and visitor destination with a varied programme that contributes to the vitality of the town and is at the heart of cultural and community provision in the Borough.
- 3.2 The recent soft market testing in relation to the Lyceum Theatre, Crewe indicated that the operating model most favourable to the market was for an operator to take full operational control with a degree of risk on maintenance of the building being shared by both parties. It is considered that the securing of a similar market-led operational model

would be the most appropriate way forward for the future delivery of services from the Old Town Hall.

- 3.3 The Council is seeking to encourage innovation in delivery and an enhanced experience for the users of the building, whilst providing value for money for the residents of Cheshire East. Given the current challenge for Local Authority budgets, and the level of subsidy which would be required in delivering a diverse operational programme, it is felt that this model will reduce any burden on the Authority.

4.0 Wards Affected

- 4.1 Macclesfield Central

5.0 Local Ward Members

- 5.1 Councillor Janet Jackson, Councillor Ken Edwards

6.0 Policy Implications including - Carbon reduction - Health

- 6.1 All refurbishment works have been carried out in accordance with planning and building regulations and comply with the Authority's energy and carbon reduction commitments.
- 6.2 Any procurement exercise will be undertaken in accordance with the Council's Finance and Contract Procedure Rules.

7.0 Financial Implications (Authorised by the Director of Finance and Business Services)

- 7.1 If a successful bidder is found this will mean a shared liability for the maintenance costs for this listed building, together with a reduction in the operating costs of the Macclesfield Town Hall complex as a whole.
- 7.2 Historically, the operating costs have been established as a whole building (old and new buildings), however, following refurbishment programme, energy costs will be separately monitored.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 A formal agreement with the preferred bidder will be required. The successful bidder will also be required to enter into a lease. If the chosen bidder is unable to perform its obligations under the agreement to the Council's satisfaction, the agreement can be terminated along with the lease. Without a formal lease being in place the Council would be at risk of not being able to regain possession even though the service agreement was lawfully terminated.

9.0 Risk Management

- 9.1 The Council will be left with the existing risk associated with latent defects for the building.
- 9.2 There is a risk that the tender process will not result in a deliverable option which meets the objectives set out in this report.

10.0 Background and Options

- 10.1 The objectives for the future management of the Old Town Hall are:
- To create a vibrant hub of community uses within the Old Town Hall and Market Place
 - To maximise the use of the refurbished facilities and generate additional income to offset ongoing maintenance and operating costs
 - To develop the facilities further as part of the overall Cultural and Community Strategy for Macclesfield – linking in and co-ordinating with other facilities including the Silk Heritage Centre and Silk Museum
- 10.2 The facilities and services delivered from this building have, historically, been operated in house which has had its successes, and its limitations. However, this has not been without its issues and marketing has been poor. The building has hosted a variety of successful events, such as dance nights, wedding receptions and art fairs.
- 10.3 The current refurbishment of the Old Town Hall will address the longstanding issue of the decline in the quality of the fabric of the building and provide a high quality environment for the provision of a wider variety of functions ranging from much needed conference facilities, theatre productions and weddings to small music recitals, exhibitions or community group meetings.
- 10.4 However, a high quality environment alone will not secure the Old Town Hall's place as the cultural centre of a redeveloped Macclesfield Town Centre. A high quality operational and service delivery model is central to the future success of the facility.
- 10.5 It is for this reason that it is proposed that the Council extend the approach adopted in respect of the Lyceum Theatre, and other facilities such as the parks' cafes, and seek to appoint a specialist operator to take full operational control of the management of the Old Town Hall.

- 10.6 Such an approach will ensure the provision of a service which will put the Old Town Hall at the centre of the community and provide a venue which can cater for all.
- 10.7 The provision of cultural facilities and services can be clearly linked to a number of corporate priorities of Cheshire East, particularly in relation to economic wellbeing, employment and quality of life.
- 10.8 The following options have been considered as future operational models:

10.9.1 Option 1 - Retain the in-house management provision:

- Requires a significant investment in terms of suitably qualified staffing, including a venue manager and events team, to provide the capacity to implement service delivery benefits, in addition to day to day delivery
- A review of current pricing policies and contracts would be required, to ensure income generation and promotion of community use is balanced and appropriate
- A programme of investment for asset management, maintenance, future refurbishment would need to be developed

10.9.2 Option 2 – Procuring an Operating Partner

- Effective and efficient management, utilising the skills and expertise of a specialist provider
- Revenue savings could be achieved, maximising financial benefits, through an open procurement process.
- Risk, in relation to third party income, would be transferred to the operator, not the Council
- Provides a balance of commercial reality with social objectives
- Procurement process required

10.9.3 Option 3 - Development of Community Interest Company/Arms Length Not for Profit Company

- Extension of Council responsibilities and the Council would therefore retain control
- Any profits would be secured for future community use/development

- This option would need funding entirely from the Council – including up front set up costs
 - The model may not bring in the additional skills/commercial experience to deliver the most effective delivery model
 - Supports affordable community use
- 10.10 This paper recommends Option 2 as likely to be the most cost-effective and time efficient way of delivering the vision and objectives for the Old Town Hall. The option has the potential to bring in the additional skills and potentially link in with other local community organisations and activities across Macclesfield.
- 10.11 The chosen service provider will need to have due regard to the Council's overarching objectives in delivering a balanced programme of activities, which enhances community use and contributes to the quality of life in Cheshire East.
- 10.12 The future role of the Old Town Hall as a key component of a wider arts and cultural strategy will be identified as part of the development of the strategy and delivery plan which will be developed over the next six months.
- 10.12 A focus on understanding and reaching the target audience will be key to the venue's future development, for example, it is essential that the Authority provide affordable community facilities. A partner operator will have the necessary skill set to ensure that the building is suitably marketed to achieve the best possible usage.

11.0 Access to Information

Background information regarding the current arrangements can be obtained by contacting the report writer.

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