



**Rochford District
Council**

COMMITTEE TITLE: Overview & Scrutiny Committee

DATE: 5 March 2024

REPORT TITLE:	Mill Hall Arts & Events Update
REPORT OF:	Phoebe Barnes Director Assets and Investments

REPORT SUMMARY

At its meeting on 13 July 2022 the Executive agreed to reopen the Mill Arts & Events Centre and it subsequently reopened on Monday, 12 September 2022. Following the reopening decision the Mill Arts & Events Centre has been, and continues to be, operated by the Council's in house Leisure Team. In tandem to the decision to reopen the Mill Arts & Events Centre, a community expression of interest process was started in July 2022 seeking proposals for the operation of all or part of the facility. It was widely publicised and attracted a number of bidders. Stage 1 ran from 20 June to 19 July 2022. Stage 2 of the process ran from 1 September to 10 October 2022.

At its meeting on 23rd February the Overview & Scrutiny scrutinised the outcomes of the expressions of interest process and the required operating costs for the Mill Arts & events Centre. The committee made recommendations to the Executive.

At its meeting on 7 March 2023, the Executive agreed that a future model for the Mill Arts & Events Centre should be clarified and be brought to Full Council for discussion.

On 7th September 2023, Full Council formalised the end of expression of interest process and confirmed clear objectives for the Mill Arts & Events Centre, to optimise the market research needed to create a sustainable operating model for the future of the asset.

This report looks to update the overview and scrutiny committee of progress made to date of the resolutions made by the Executive and Full Council.

RECOMMENDATIONS

It is recommended that Overview & Scrutiny Committee review the updated information presented within this report.

SUPPORTING INFORMATION

1 BACKGROUND INFORMATION

- 1.1 Members considered the report of the Director of Assets & Investment setting out the outcome to date of the community expression of interest process and the required operating costs following the decision of the Executive on 13 July 2022 and to make recommendations to the Executive as the Committee saw fit. The recommendations proposed by the O&S committee were as follows:
- 1.2 Cllr A H Eves moved a Motion, seconded by Cllr Mrs J E McPherson that any future model for the Mill Arts & Events Centre is clear and be brought to Full Council for discussion and this was carried unanimously on a show of hands.
- 1.3 Cllr J R F Mason moved a Motion, seconded by Cllr M G Wilkinson that the previous decision to deploy the assets disposal policy be rescinded in the interests of exploring all operating models and associated business cases and this was carried on a show of hands.
- 1.4 Cllr M Hoy moved a Motion, seconded by Cllr Mrs J E McPherson, that a cross Party Working Group be set up to steer the process and this was carried on a show of hands.
- 1.5 Cllr J R F Mason moved a Motion, seconded by Cllr A H Eves, that we revisit, following meaningful market research, the costs of improvement works to the Mill Hall taking into account the needs of a modern media facility and this was carried unanimously on a show of hands.
- 1.6 Cllr R P Constable moved a Motion, seconded by Cllr Mrs E P Gadsdon, that the figures for demolition of the existing building and re-building a purpose built facility are brought to Council for consideration, which was lost on a show of hands.
- 1.7 Cllr Mrs J E McPherson moved a Motion, seconded by Cllr Mrs E P Gadsdon, that during the process external funding options are investigated either by RDC or a partner for the works needed and this was carried on a show of hands.
- 1.8 Cllr J R F Mason moved a Motion, seconded by Cllr M Hoy, that the expressions of interest process is started afresh and that the invitation to submit an EoI is republished against the revised vision for the Mill Hall and this was carried on a show of hands.

- 1.9 Cllr S A Wilson moved a Motion, seconded by Cllr Mrs J E McPherson, that the Council adopts the use of a collaborative procurement and this was carried on a show of hands.
- 1.10 Cllr J R F Mason moved a Motion, seconded by Cllr L J Newport, that before the Executive determines this matter it is brought to an Extraordinary meeting of Council for debate before the commencement of the pre-Election period and this was carried on a show of hands.
- 1.11 The Overview and Scrutiny committee recommended to the Executive the following
- (1) That any future model for the Mill Hall Arts & Events Centre is clear and be brought to Full Council for discussion.
 - (2) That the previous decision to deploy the asset disposal policy be rescinded in the interests of exploring all operating models and associated business cases.
 - (3) That a cross Party Working Group is set up to steer the process.
 - (4) That we revisit, following meaningful market research, the costs of improvement works to the Mill Hall taking into account the needs of a modern media facility.
 - (5) That during the process, external funding options are investigated either by RDC or a partner for the works needed.
 - (6) That the Expressions of Interest process is started afresh and that the invitation to submit an EOI is republished against the revised vision for the Mill Hall.
 - (7) That the Council adopts the use of a collaborative procurement.
 - (8) That before the Executive determines the matter, it is brought to an Extraordinary meeting of Council for debate before the commencement of the pre-Election period. (DAI).
- 1.12 The Executive on 7th March 2023 took account of the recommendations from O&S and resolved the following:
- (1) Upon recruitment of staff to operate the Mill Hall, notice to be served to Fusion Lifestyle (Fusion) to remove the Mill Arts & Events Centre from the existing leisure contract and to vary the contract accordingly and for the Council to undertake the operational management of the building thereafter.
 - (2) Additional revenue budget of up to £248,950 to be added to the medium term financial strategy to ensure the building can remain operational whilst the longer term vision and sustainability of the Mill Arts & Events Centre is developed and presented to Members at a future meeting. Detail of the additional budget request can be found in Appendix 2.

(3) Additional capital budget of up to £185,000 to fund required works at the Mill Arts & Events Centre, as identified within the building condition survey and capital improvement works for 2023/24, as set out in table 6 of Appendix 2. The future capital requirement works, as set out in table 5 within the appendix, will be reviewed within the future vision for the Mill Arts & Events Centre and proposed alongside the update.

(4) Additional capital budget of up to £45,000 to fund required investment in furniture within the building for supporting events.

(5) That a budget is allocated of £25,000 to support the resources required to develop a full business case for approval on the future vision for the Mill Arts & Events Centre. This allocation of budget will look to focus on resident assessment needs, engaging with all stakeholders and undertaking meaningful market research to collate all data to formulate a proposed investment design and business case to demonstrate the investment required for the building to ensure it is financially sustainable for the future. Funds within this allocated budget will only be drawn down after consultation with the Portfolio Holder for Finance, Economy & Climate, the Portfolio Holder for Strategic Planning & Assets, the Leader and the Interim Director of Resources.

(6) That the progress of the community expression of interest process and the outcome following this process be noted.

(7) That the objectives outlined in section 4 are the objectives that underpin any future business case for the Mill Arts & Events Centre.

(8) That a report be taken back to Full Council to review the current performance of the Mill Arts & Events Centre and to scrutinise the proposals for the future of the Mill Arts & Events Centre following the engagement process and action plan outlined within the report with a full financial business case outlining the investment proposals and long term operating model. This element will address financial sustainability, as well as environmental ambitions for the asset.

(9) That any future model for the Mill Hall Arts & Events Centre is clear and be brought to Full Council for discussion.

(10) That a cross party working group is set up to support the process.

(11) That during the process external funding options are investigated either by RDC or a partner for the works needed. (DAI)

1.13 On the 7th September 2023 Full Council resolved the following

(1) That the objectives for the Mill Arts & Events Centre are agreed as follows:-

a) That the Mill Arts & Events Centre's primary function is to support the Arts and Events sector.

- b) That the food and drink offering at the Mill Hall Arts & Events Centre supports the events and is a commercial, competitive offering.
- c) The operating model of the Mill Hall Arts & Events Centre must strive to be commercially viable reducing the level of subsidy the Council is required to provide.
- d) Ensure that the asset is environmentally sustainable.
- (2) That the Community Expression of Interest Process is formally concluded with neither preferred partner being awarded a contract.
- (3) That officers conduct a commercial soft market testing exercise for the operation of the café at the Mill Arts & Events Centre to be completed within a three month period.
- (4) That a budget of £6,500 is allocated to support the re-opening of the bars for events at the Mill Arts & Events Centre. The bar is to be operated by a third party, Eternity Events.
- (5) That a budget of up to £10,000 is allocated for a structural survey of the Mill Arts & Events Centre.
- (6) That the draft Market Research objectives are approved enabling officers to procure and conduct the research
- (7) That, following the conclusion of the market research, engagement activity and structural survey, operation of the Mill Arts & Events Centre are presented back to the Full Council with a supporting business case.

2.0 CURRENT UPDATE

Current Operations

- 2.1 Rochford District Council have operated and supported a number of events at the Mill since reopening, including:
- Cost of living event
 - Jobs fair
 - Women in business networking event
 - Family theatre
 - Wedding fair in March 2024
 - Sponsored Teenage Market
 - Secured £2,000 of Active Rochford funding for Music for the Brain
 - Comedy Events
- 2.2 The team at the Mill are exploring opportunities to organise and run future events at the Mill Arts & Events Centre.

- 2.3 Between reopening in September 2022 and the end of December 2023, of the 136 Friday and Saturday nights available to hire, 37 events were held. For 2024, of the 104 Friday and Saturday nights available, we currently have 45 events that have either been held or booked, with time available for additional bookings to be made.
- 2.4 The two bars at the Mill reopened in November 2023, which has supported the attractiveness of the Mill as a hireable space for evening bookings. The bars have been refurbished following the allocation of budget by Full Council. Eternity Events also operate these bars of which the Council receives a profit share of their net takings.

Community Expression of Interest

- 2.5 The Community Expression of Interest was formally concluded following approval at Full Council on 7th September 2023. The Council is not exploring any further expressions of interest at this moment in time.

Cafe

- 2.6 The café consists of a seating area and a counter in one room, and a small kitchen. Some of the previous catering equipment remains in the kitchen, but these have not been used since March 2020 and may no longer be fit for purpose.
- 2.7 The total size of this space is 56.9m², of which 8m² is the counter space and serving area. There is also a kitchen space of 18.73m², and a storage cupboard of 5.9m². The total space available for the café, kitchen, and storage is 81.53m².
- 2.8 There are two points of entry into the café, as indicated in the photos. It has its own separate external entrance as well as one from within the venue itself.
- 2.9 Previously the seating area accommodated up to approximately 30 people at any one time, with tables of two and four being provided
- 2.10 Soft Market concluded in November 2023. Three interested parties expressed an interest in operating the café. Meetings have been held with these parties to discuss options in further detail. Interested parties would be willing to enter into long term agreements with the Council however the certainty on the operating model needs to be concluded. In addition, the café would need investment to bring it up to a satisfactory standard from a food safety perspective.

Market Research

- 2.11 Officers are procuring a consultant to support with market research that supports the following objectives :
1. To understand perceptions of and attitudes to the current building.

2. To understand perceptions of and attitudes towards the current service offerings e.g. range of events being offered.
 3. To understand the need and demand for services within the immediate and wider community.
 4. To understand the demographic profiles of current users of the facilities; residents and businesses near the site; and wider Rochford residents.
 5. Explore barriers of attendance and participation of events and ways to overcome them.
 6. Explore other potential opportunities and uses for the site.
- 2.12 This research and consultation will commence following elections and would be presented to a Full Council in the new municipal year.
- 2.13 The Council would like to see recommendations from the consultancy on how they would deliver a diverse and cross representative demographic sample size that represents current attitudes and is forward thinking. In order to get a robust outcome, data will need to be both qualitative and quantitative
- 2.14 The Council is keen to hear from on residents within the whole of the Rochford District not just residents and stakeholders living close to the site. It is vital in order to understand if the Mill Hall can be a viable and self-funding community asset, that the Council understands the needs and thoughts from a wider range of residents. With a population of circa 86,000 the Council would look to engage with a minimum of 2,000 residents and additional stakeholders.

Asset Investment

- 2.15 Fusion were not involved in the operation of the venue from the date it reopened. However, the Council worked in partnership with Fusion to run the building, with the Council's Leisure & Cultural Services Team taking responsibility on all operational aspects of the building, and Fusion were only responsible on maintaining the building. This arrangement concluded in August 2023 and the Council became responsible for the capital investment of the building as well as the maintenance.
- 2.16 The roof survey has been conducted and officers are working with contractors on options regarding repairs required to the roof as well as future options on potential environmental sustainability options.
- 2.17 Replacement of the lift has been procured. Engineers have been on site, however the delay is due to parts required having extended delivery dates. Works to install the new lift will take approximately 2 weeks once all parts are delivered. It is expected the lift will be operational by mid to late May.
- 2.18 The Council has had to replace the fire alarm system and panel in the building which was concluded at the beginning of 2024.

2.19 The capital program is aligned with the stock condition survey that was produced in September 2022 and future investment is based this document. The budgets focus on prioritising compliance to ensure the building remains safe and operational. Within the capital program works are proposed to look at insulation to enhance the energy performance of the building.

3.0 FINANCIAL IMPLICATIONS

3.1 The Mill Arts & Events Centre reopened on 12th September 2022. The revenue cost to operate the building from the reopening date until 31st March 2023 was £130,338, which included an increase in the unitary charge for Fusion, additional staffing costs, as well as required works both prior to and upon reopening. This budget was agreed at a meeting of the Executive on 13th July 2022. This budget was broken down as follows:

	Revenue
Compliance/Remedial Works	£15,750
Maintenance pre-opening	£34,250
Running Costs – Unitary Charge	£61,398
Staffing	£18,940
Total	£130,338

3.2 The additional budget for staffing costs was for zero hour staff and overtime to assist in staffing events, and no additional recruitment was made in the 22/23 financial year.

3.3 The budget for the running costs for the Mill Arts & Events Centre were budgeted at £390,100 for the 2023/24 financial year, which would be a full year of costs. This budget was broken down as follows:

	Budget	Forecast Outturn
Staffing	£166,100	£142,710

Marketing	£4,000	£1,890
Responsive Repairs	£37,500	£40,690
Statutory Compliance	£32,250	£33,090
Utilities	£94,812	£59,270
Cleaning & Waste	£17,200	£18,900
Rates, Insurance, Licencing, IT, Telecoms	£38,238	£42,490
Total	£390,100	£339,040
Income	£50,000	£95,100
Net Total	£340,100	£243,940

3.4 There will be an underspend on staffing costs for this financial year as multiple posts were vacant in April 2023, and were recruited part way through the financial year. Therefore the projected total running cost for the Mill Arts & Events Centre in 2023/24 is £330k.

3.5 The forecast outturn has taken costs and income to date and has been extrapolated until the end of the year.

3.6 The current capital programme for the Mill Hall is £267,275 with a further £845,000 allocated for 2024/25.

4.0 LEGAL IMPLICATIONS

4.1 There are no direct legal or governance implications arising from this report.

5.0 RELEVANT RISKS

5.1 There are always risks to operating buildings which could result in additional capital and revenue budget strain; however, this will be managed by continued careful management and inspection

5.2 Failure to develop a sustainable centre will result in financial pressures to the Council's budget.

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APPENDICES

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
O&S Committee – The Mill Arts & Events Centre (The Mill Hall) – Outcome of the Community Expression of Interest Process and Future Operating Costs	1/02/2023
The Executive – Report of the Overview & Scrutiny Committee – The Mill Arts & Events Centre EOI Report	07/03/2023
Full Council – The Mill Arts & Events Centre (The Mill Hall)	07/09/2023