
The Mill Arts & Events Centre (The Mill Hall) - Outcome of the Community Expression of Interest Process and Future Operating Costs

1 PURPOSE OF REPORT

- 1.0 The Committee is invited to scrutinise the information contained within the report 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 it sees fit.

2 KEY OUTCOMES AND BUDGET REQUIREMENT FOLLOWING THE DECISION OF THE EXECUTIVE ON 13 JULY 2022 TO REOPEN THE MILL Arts & Events Centre (The Mill Hall), INSTIGATE A COMMUNITY EXPRESSION OF INTEREST PROCESS AND SET OUT THE COSTS TO OPERATE THE BUILDING IN THE LONGER TERM

- 2.1 Upon recruitment of staff to operate the 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.
- 2.2 Additional revenue budget of £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.
- 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 Hall and proposed alongside the update.
- 2.4 Additional capital budget of up to £45,00 to fund required investment furniture within the building for supporting events.
- 2.5 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 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.

- 2.6 That the progress of the community expression of interest process and the outcome following this process be noted.
- 2.7 That the objectives outlined in section 4 are the objectives that underpin any future business case for the Mill Arts & Events Centre.
- 2.8 That a report be taken back to the Overview & Scrutiny Committee to review the current performance of the Mill Hall 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.

3 BACKGROUND INFORMATION

- 3.0 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. Previously before this meeting the site had been part of the Council's Asset Delivery Programme (ADP). The Council's medium term financial strategy had removed the operating costs of the Mill Arts & Events Centre from its base budget following the adoption of the ADP.
- 3.1 The Mill Arts & Events Centre is open and is available for public use and hire. The current timetable of the activities on at the site can be found in Appendix 1.
- 3.2 The Mill Arts & Events Centre has been a leisure site within the current leisure contract since 2002. The responsibility for the building currently remains with Fusion since the Mill has been re-opened.
- 3.3 The Council's Business Plan key priorities underpins the need to look at the future operation of The Mill Hall Arts & Events Centre. Firstly, the Council strives to achieve to be financially sustainable. This report shows a base of costs in operating The Mill Hall as it stands currently, however the purpose of the report is to highlight works that need to be undertaken to reduce this pressure to ensure the Council is delivering financial sustainability by investing in the future of the district to stimulate growth and prosperity as well as attracting investors and visitors. . Next, the Council seeks to Maximise its assets. As an asset of the Council will set a clear direction for this asset to ensure it maximises the potential it can deliver. Further Information on the current operation of the Mill Arts & Events Centre and what has happened to date can be found within Appendix 1.

Community Expression of Interest Process

- 3.4 A community expression of interest process was started in July 2022; it was widely publicised using both printed and online resources. Stage 1 ran from 20 June to 19 July 2022. Stage 2 of the process ran from 1 September to 10 October 2022. Further detail of the process is detailed within Appendix 1.
- 3.5 The community expression of interest process was followed through. Further conversations were had with both preferred partners identified within Appendix 1, on 21 December 2022. Both preferred partners were made aware that the Council is striving for a sustainable future for the Mill Arts & Events Centre and therefore the preferred model will strive to ensure a proportion of revenue generated from the activities of both partners will be reinvested back into the building and/or rental being charged for use of the spaces within the building.
- 3.6 It was clear from both discussions that to achieve this outcome with both preferred partners, further information was required from the Council to the partners. It was agreed that until the Council had developed its vision and objectives for the Mill Arts & Events Centre, the preferred partners could not commit to any operating models; however, both would be willing to continue to engage with the Council to help support the vision and opportunities the Mill Arts & Events Centre can present to the community and how these partners would be a part of the future

4 OBJECTIVES AND VISION FOR THE MILL ARTS & EVENTS CENTRE

- 4.0 Based on the discussions held through the community expression of interest process, officers determined that it was not financially sustainable for the Mill Arts & Events Centre to be operated by the community expressions of interest process for the following reasons:-
- The building needs significant capital investment totalling £1.250 million over a 15-year period; the building is currently not making enough revenue to offset this capital investment. Possible tenants would not want to take on the risk and responsibility of those works highlighted.
 - The current operating costs are significantly high due to the age and design of the building, making it difficult for the community expression of interests to quantify a financial return to the Council increasing the risk to the Council that the operation of the building could come back into the Council's remit.
 - The Council needs to determine the long term objectives for the site to determine how to operate the Mill Arts & Events Centre with involvement from all stakeholders, including the Design Cabin and the Megacentre.
- 4.2 The Council has begun to develop its high level objectives for the Mill Arts & Events Centre building; this is based on all the engagement and assessments

done to date on the site. Further work is required to develop a business case and action plan to determine how these objectives are delivered.

4.3 The high level key objectives for the Mill Arts & Events Centre are as follows:-

- To operate the Mill Arts & Events Centre as a Council building until the business case and operating model is determined following the development of the future vision.
- To create a RDC reception at the Mill Arts & Events Centre so that there is a Council presence in the west of the district.
- To have a Civic presence at the Mill Arts & Events Centre; Council meetings are currently held at the site in the main hall flexible options will be considered
- Looking to invite partners who wish to operate from the Mill Hall Arts & Events Centre such as Citizens Advice, Police and NHS bodies plus other partners of the Council who express an interest in operating from The Mill Hall Arts & Events Centre, the purpose of this objective is to have the intention of creating a partnership Hub based on expressions of interest from the Councils partners and financial viability of proposals from interest parties.
- To hold a mixture of events at the Mill Arts & Events Centre based on community need.
- To determine what the best offering for food and beverage is to support the event types determined.
- To ensure the asset is financially sustainable by utilising the space offered at the centre that balances community offering with commercial viability.
- To ensure the asset is environmentally sustainable.

4.4 Based on the objectives listed above, this report looks to highlight the imminent financial resources that are required to keep the Mill Arts & Events Centre operational as it is whilst highlighting the resources required to develop a business case for the future of the Mill Arts & Events Centre.

4.5 Steps have already been taken to understand the community's requirement of the Mill Arts & Events Centre. The detail of this report can be found within Appendix 3.

4.6 This report was commissioned to collate the outcomes of community feedback from the engagement sessions run on 27 and 30 September and 3 October. The Council needs to build on this exercise to deliver the correct mix of usage at the facility.

5 THE FUTURE OF THE MILL ARTS & EVENTS CENTRE

- 5.1 The Council will continue to manage bookings and will take on the responsibility for the repair and maintenance of the Mill Arts & Events Centre and all operational costs. These costs need to be built into the Council's medium term financial strategy.
- 5.2 The Council needs £230,000 of capital investment to get the building to an operational standard to enable initial usage.
- 5.3 The revenue commitment required is £248,950; this is to resource the operations at the Mill Arts & Events Centre.
- 5.4 Further dialogue and engagement are to be had with local community groups at events that can be held at the Mill Arts & Events Centre, alongside delivering future events in a refurbished venue.

6 NEXT STEPS

- 6.1 This report and its appendices set out the resources required to keep the Mill Arts & Events Centre operational for the short term, as the building stands. The Council is committed to ensuring the asset is available to those who wish to use it. This report highlights the ambition to see investment within the asset to develop it into a financial and environmentally sustainable asset that serves the community for years to come. However, how the objectives are to be achieved and financed need consideration and planning. It is proposed that the Council considers external resource to support the delivery of building a business case on the future investment at the Mill Arts & Events Centre and for this business case to be presented to Members later for approval.
- 6.2 Upon approval of the budgets presented within the report, officers will begin discussion with Fusion to extend the existing contract and to also begin external recruitment to ensure operational staff are in post on the ending of Fusion's contract.
- 6.3 Work will commence on the steps needed to be taken to expand on the work and engagement done to date. To inform a view on the operations of the Mill Arts & Events Centre in the future. These designs and options are to be worked on and presented to Members to scrutinise and approve a preferred option, once presented.
- 6.4 The recruitment of staff will allow resource to be released to allocate a project manager to the regeneration of The Mill Hall Arts & Events Centre. With an action plan developed on delivery and steps needed to achieve a full business case on the site ensuring viability and financial modelling can be completed.
- 6.5 The Council like many other local authorities are facing significant funding gaps in its future Medium Term Financial Strategy, it is estimated that district Council's will have a collective budget gap of at least £500m for next year.

The Local Government Settlement is in real terms a funding reduction to the Council considering the current and likely future inflation levels. The costs allocated to the space in Appendix 2 Table 5 shows the reality that as much as the Council is committed in ensuring the Mill Arts & Events Centre remains, the Council must look at ways the building can operate to support the financial costs. This will be a hybrid model of combining commercial ventures alongside cost displacement and cost recovery to continue to offer some form of subsidy to community offerings.

7 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 To continue with Fusion Lifestyle as the operator of the Mill Arts & Events Centre. However, as outlined in the July report to The Executive, if no EOIs were received or terms could not be agreed with a new partner the Council would seek to terminate the contract with Fusion and to operate the building directly itself.
- 7.2 To run a tender process for a new commercial operator for the Mill Arts & Events Centre. It was agreed in the July report to the Executive to undertake a Community EOI process.
- 7.3 Members should be aware that the Council continues to have the option to close and mothball the building (Option 2 of the July report to the Executive).

8 RISK IMPLICATIONS

- 8.0 Failure to recruit staff to the posts outlined would result in having to reduce the operating hours for the Mill Arts & Events Centre.
- 8.1 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.
- 8.2 The investment and marketing detailed in the report does not deliver a significant uplift in current usage or revenue.
- 8.3 Failure to develop a sustainable centre will result in financial pressures to the Council's budget. Failure to progress the business case for the Mill Arts & Events Centre will result in the operation and management of the bar, café, and catering to remain closed and unavailable for a longer period than intended.

9 ENVIRONMENTAL IMPLICATIONS

- 9.0 The Council will explore options to improve the environmental sustainability of the building with reference to the building condition survey. This could include improvements to heating, insulation, glazing and lighting.

- 9.2 Details will be set out in the business case developed to look at the sustainability of the Mill Arts & Events Centre.

10 RESOURCE IMPLICATIONS

- 10.1 Current resources within the Council's establishment can continue to operate the Mill Arts & Events Centre as intended; additional resource is required to keep the Mill Arts & Events Centre operational.
- 10.2 Additional resource is required as a one off to ensure traction remains on developing a long term plan for the Mill Arts & Events Centre operations.

11 LEGAL IMPLICATIONS

- 11.1 An extension to the Fusion contract will be required to coincide with and support new recruitment.
- 11.2 Employment advice is being sought regarding any HR implications for the staff.

12 EQUALITY AND DIVERSITY IMPLICATIONS

- 12.1 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups as defined under the Equality Act 2010.

13 RECOMMENDATION

- 13.1 That the Committee notes the contents of the report and makes any recommendations to the Executive for consideration as the Committee sees fit.



Phoebe Barnes

Director of Assets & Investment

Background Papers: -

None.

For further information please contact Phoebe Barnes on: -

Phone: 01277 3125020

Email: Phoebe.barnes@brentwood.rochford.gov.uk

If you would like this report in large print, Braille or another language please contact 01702 318111.

The Mill Hall Arts & Events Center

Current Operating Information

Introduction

- 1.1.1 Since the reopening of The Mill Hall Arts & Events Center (The Mill Hall) the Council has worked in partnership with Fusion to maintain and operate the building. The deed of variation to the Fusion contract introduced a unitary charge the Council pays fusion to cover PPM, utilities, cleaning, one member of staff (also responsible for Freight House), phone, internet, and any irrecoverable VAT. This is at a cost of up to £85,398 up until the end of February 2023. The Council has retained all revenue under this interim arrangement to support the financial viability of the site. The Council's existing leisure team have been staffing the operating of the building to ensure it is made available 7 days a week, however the absorption of The Mill Hall into the Leisure teams duties, is not sustainable moving forward.

Bookings and income

- 1.2 There are currently the following bookings being held at The Mill Hall:

Weekly bookings: 14

Monthly bookings: 6

One-off bookings: 32 (includes bookings that have taken place and are booked in the future but does not including any provisional bookings)

Since reopening all Council Committee meetings have been held at The Mill Hall as well as well as other Council meetings, briefings and training sessions.

- 1.1 Based on performance over the first 4 months a projection for income for the first 6 months since reopening is £21,000. It should be noted this projection is based on the first 6 months of the building reopening after over 2 years of being closed (aside from use as a Vaccination Centre), this excludes any café/bar/catering revenue as these are yet to reopen.
- 1.2 The weekly bookings currently committed at The Mill Hall Arts & Events Centre are tabled below in Table 1 (weekly) and Table 2 (Monthly)

Table 1 – Weekly Timetable

Date	Activities
Monday	9:45am – 10:45am: Jazzercise 10am – 12pm: Winter Dementia Hub 2pm – 3pm: Pilates 6:30pm – 7:30pm: Zumba
Tuesday	10am – 10:45am: 50+ Keep Fit 11:45am – 12:45pm: Chair Yoga

	12:30pm – 1:30pm: Move it or Lose it
Wednesday	9:30am – 10:30am: Old School Aerobics & Toning 10am – 12pm: Weight Management Group 10am – 11am: Yoga 11:15am – 12pm: Sit Fit
Thursday	10am – 10:45am: Line Dance Fusion 10:30am: DanceFIT 11:30am: Fitness Pilates 7:15pm: CardioFIT

Table 2 – Monthly Timetable

Date	Activities
First Wednesday	1:45pm – 4pm: Rayleigh U3A
First Saturday	7:30pm – 1am: Salsa and Social Evening
Third Saturday	2pm – 4pm: Music for the Brain – Dementia Event
Last Saturday	10am – 3pm: Folk and Bespoke Craft Fair

- 1.3 **A list of all the upcoming events can be found on the website www.rochford.gov.uk/themill**

Fees and Charges

- 1.4 As outlined in the July report to the Executive on reopening the building in order to encourage and support community groups The Mill Hall fees and charges were held at the rate set by Fusion in March 2020. The current fees and charges are disclosed in Appendix 2 with the other financial information. To ensure that fees and charging moving forward are set at a competitive and commercial rate a benchmarking exercise will be undertaken ahead of fees and charges being agreed at Full Council in February 2023.

Community Engagement

- 1.5 A meeting of key stakeholders was held on 7 September 2022. This was due to be followed by community engagement sessions at The Mill Hall Open Day on Sunday 11 September 2022. The Open Day was postponed following the death of Her Majesty Queen Elizabeth II. In lieu of those sessions a series of community engagement sessions were run on 27 and 30 September and 3 October. At each of these sessions a series of questions were discussed around use of The Mill Hall, facilities, layout and events and activities. Alongside these sessions hard copy and online feedback forms were available.

- 1.6 A report was commissioned to collate the outcome of the above community feedback, and to help shape the market analysis and planning for the future operation of the building.
- 1.7 Please see Appendix 3 for the Market analysis report.

Community Expression of Interests Process

- 1.8 Stage 1 ran from 20 July to 19 August 2022 and all interested parties were invited to The Mill Hall for a site visit and to answer any initial questions. They were asked to register their interest by providing contact information, and basic information concerning the nature and objectives of the group, a summary of the proposal and how this would deliver a sustainable partnership to deliver community benefits.
- 1.9 Further site visits were held with interested parties prior to Stage 2 opening and running from 1 September to 10 October 2022. This was the formal Expression of Interest where interested parties were asked to provide as a minimum:
- Objectives of the group
 - Business Plan
 - Proposed terms
 - Insurance documentation
 - Health & Safety Policy
 - Safeguarding Policy
- 1.10 Four expressions of interest were received at the conclusion of Stage 2. Two to operate the whole building and two to operate the café only. A panel met on 11 October 2022 to review and score the submissions. The panel members consisted of: Cllr Simon Wootton (Leader of the Council), Cllr Mike Webb (Portfolio Holder for Housing, Assets and Leisure), Matt Harwood-White (Assistant Director, Assets & Commercial), Mark Aldous (Senior Leisure & Cultural Services Officer) and Darren McLoughlin (Senior Property & Asset Officer).
- 1.11 Following the careful consideration of the panel the two preferred organisations were: The Design Cabin Community C.I.C and The MegaCentre Rayleigh.
- 1.12 The Design Cabin Community C.I.C are a Rochford based community interest company. Their mission is to build local wealth, develop individuals' skills and create sustainable local employment opportunities. They currently organise and deliver the Rochford Teenage Market and have experience in delivering successful makerspaces within East London. Their creative industry connections include trained theatre-makers and experienced large-scale event organisers.

The MegaCentre Rayleigh are an Essex-based, Christian charity which exists to bring joy, hope and life to the whole community. They run a variety of

programmes to support local young people and children including youth clubs, children's groups, complimentary education, family programmes and 1-2-1 support. Their youth and family teams support over 500 individuals and families each year.

- 1.13 As a partnership it was proposed that all would work together to deliver a sustainable operating model for The Mill Hall. It was proposed that The Design Cabin Community C.I.C would deliver community events and activities within The Mill Hall and The MegaCentre Rayleigh would operate the café, bars and catering provision and to facilitate space for their community hub partners activities.

The Mill Arts & Events Centre (The Mill Hall) Future Operating Costs and Capital Investment

Proposed Revenue Resourcing

- 2.1 The Council will continue to manage bookings and will take on the responsibility for the repair and maintenance of The Mill and all operational costs. These costs need to be built into the Council's Medium Term Financial Strategy.
- 2.2 The proposed staffing structure is based on discussion with operators of similar buildings, other Local Authority areas, the experience of operating The Mill since reopening alongside consideration of the structure Fusion previously had in place.

Table 1 – Staffing Structure

Position	Number of posts	Notes	Revenue Request
Manager	1	This is a growth item	£56,900
Duty Managers	2	1 post is within the existing establishment on a fixed term contract and is requested to become permanent, 1 additional post is required to ensure cover during all operating hours	£72,800
Events Assistants	2	Part time posts that are paid £11.38 per hour plus oncosts	£0
Customer Contact Advisor	1	Growth item	£36,400
Caretaker	1	Existing post	£0

- 2.3 A total growth amount of £166,100 will be required to ensure The Mill Hall can operate at evenings and weekends. This total assumes oncosts for National Insurance and employer pension contributions.

- 2.4 Analysis of the current structure has been completed. There is no capacity within the current structure to carry out these duties on a seven day a week, including evenings.
- 2.5 In addition to the above posts part time Events Assistants would be used to support weekend and evening bookings. Income generated from the bookings would cover the cost of any additional staffing requirements.
- 2.6 The Customer Contact Advisor would be a dual role, to coincide with the objective of creating a Council presence at Mill Hall. This role is expected to take bookings for the Mill Hall, operate the meet & greet for The Mill Hall as well as take queries from members of the public regarding Council matters and signpost where necessary.
- 2.7 Currently there is a reception presence 9am-1pm at the Civic Suite, this post is circulated within the existing establishment. As the Mill Hall will be open 7 days a week an additional resource is required and there is not an allocated post within the establishment for the Reception offering at Civic Suite currently.

Marketing and promotion

- 2.8 Following the decision to reopen The Mill a dedicated webpage on the Rochford District Council was set up www.rochford.gov.uk/themill.
- 2.9 Initial work has started to develop a bespoke Rochford District venues website to improve the online presence and promotion of The Mill and other Council venues, The Windmill, Old House and Freight House.
- 2.10 A Budget of £4,000 is requested to be able to market and promote all the Council venues to drive up revenue income to support the operating costs of these venues.
- 2.11 Marketing needs to target audiences from outside the area to drive up bookings and generate additional income building towards reducing the cost pressures presented currently.

Operational costs

- 2.12 All operational costs have been considered to effectively manage the day to day running of the building based upon information obtained from Fusion combined with knowledge for maintaining all Council assets across the district.

Table 2 – Proposed Revenue Operational Costs

Operational costs: Category	Annual Budget
Responsive Repairs	37,500

Statutory Compliance	32,250
Utilities	94,812
Cleaning and Waste	17,200
Rates, Insurance and Licensing and telecoms and ICT	38,238
Total	220,000

Total Revenue Operational Costs

1.12 The total revenue budgets required to operate The Mill Hall are detailed in Table 3.

Table 3

Cost	Amount £
Staffing	166,100
Operational	220,000
Marketing	4,000
Total Expenditure	390,100
Total Income	(50,000)
Net Expenditure	340,100

1.13 The Council's MTFS holds budgets for the following costs currently

Table 4 – Current Budgets

Cost	Amount £
Civic Suite	22,750
Fusion Unitary Charge	68,400
Total	91,150

1.14 These budgets will offset the £340,100, as these costs are being displaced from the Civic Suite as this will be closed once reception moves to The Mill Hall and the Fusion contract will end. Therefore, the total additional revenue request is £248,950, table 3 less table 4.

2.13 The revenue costs have been portrayed in the below table to demonstrate the cost of operating the hall based on the demises currently there. This cost has then been converted into an hourly figure, to demonstrate using indicative figures the cost per hour

Table 5 – Cost per Area

	Area m2	Cost per annum £	Cost per Hour £
Main Hall	309	113,858	108.21
Lounge	123	45,322	46.38
Dressing Room	29	10,686	15.46
Main Kitchen	75	27,635	30.92
Café	57	21,003	15.46
Office Meeting	42	15,476	15.46
Entrance	123	45,322	46.38
1st Floor Hall	165	60,798	61.84
Total	923	340,100	340

Current Fees and Charges

2.14 The current fees and charges operated at The Mill Hall Arts & Events Centre are tabled below

The Mill Arts and Events Centre Hire Fees	
	Current
Weekly Bookings	
Monday - Thursday: 9am - 12am Friday: 9am - 5pm	
Main Hall	£35 for first hour; £20 per additional hour
Bar Lounge	£25 for first hour; £15 per additional hour
Meeting Room	£20 for first hour; £12.50 per additional hour
Tea & Coffee	Not offered

Non-Weekly Bookings	
Monday - Friday: 9am - 5pm	
Main Hall	£35 for first hour; £20 per additional hour
Bar Lounge	£25 for first hour; £15 per additional hour
Meeting Room	£20 for first hour; £12.50 per additional hour
Tea & Coffee	Not offered
Monday - Thursday: 5pm - 12am	
Main Hall	£35 for first hour; £20 per additional hour
Bar Lounge	£25 for first hour; £15 per additional hour
Meeting Room	£20 for first hour; £12.50 per additional hour
Tea & Coffee	Not offered

Peak Rates - All Bookings	
Friday: 5pm - 1am Saturday & Sunday: Anytime	
Main Hall	£600 for craft fairs £370 for children's parties £450 for all other bookings
Bar Lounge	£400 for craft fairs £180 for meetings £320 for all other bookings
Meeting Room	£105.50 for craft fairs
Whole Building	£1,000 for craft fairs £645 for all other events

2 Proposed Capital Investment

Building Condition Survey

- 2.15 A survey was produced in September 2022. The survey report covers all anticipated essential maintenance, repair and capital investment required to ensure the asset is well managed, maximising the life expectancy of the building over the next 15 years and beyond.
- 2.16 Planned capital investment to maintain a good building condition will enable some reduction in short term revenue expenditure to be identified. The scope of the report covers all building fabric and building services.
- 2.17 Building fabric includes elements such as: roofing, walls, windows, doors, external paths, drainage, rainwater goods, asbestos, internal walls, ceilings, flooring, and decoration. These areas have been assessed by a Chartered Building Surveyor (MRICS)
- 2.18 Building services includes installations such as: heating systems, air handling units, mechanical ventilation, fire alarm system, electrical installation, hot and cold-water storage systems. These areas have been assessed by a Chartered Building Services Engineer (MCIBSE)
- 2.19 There are no known structural defects inherent in the structure of the building that have been identified from the latest inspection and survey report.
- 2.20 The capital investment over the term of the condition survey (15 years) is £1,250,100 and is set out in table 6 below. The year 1 works (as set out in

table 4) are necessary now, while future works in later years will be considered within the annual report.

Table 6

Year 0 (2023) – Year 15 (2038)	Capital investment
Years 0 – 2 (2023 – 2025)	£ 361,700 Includes Fire alarm, air handling and roof repairs
Years 3 – 5 (2025 – 2028)	£ 702,400 Includes roof repairs, replacement windows and doors, electrical work, lift works and ceilings
Years 6 – 10 (2029 – 2033)	£ 159,900 Includes replacement windows and doors, lighting, alarms, and drainage
Years 11 – 15 (2034 – 2038)	£ 26,100 Floors
Total	£1,250,100

2.21 In Year One £185,000 as identified priority works within the building condition survey and capital improvement works for 2023-24 have been identified. Refer to Table 7 below.

Table 7

Condition survey and capital improvement works	Budget
Garden Terrace Area paving and replacement decking	£ 60,000
Replacement floor coverings, internal doors and wall alterations	£ 42,000

Fire Protection System	£ 38,000
Electrical wiring	£ 45,000
Total	£ 185,000

2.19 In addition to table 7 setting out the condition survey capital works required in year one, the Council has also identified certain additional operational capital requirements to support the sustainability of the building in year 1. This is set out in Table 8 below.

Table 8

Operational capital requirement	Budget
Furniture	45,000
Total	45,000



“Supporting our member councils to be the best they can be for their communities”

Rochford District Council The Mill Arts and Events Centre Market Evaluation

Prepared by Colin Taylor – Senior Associate

October 2022

Private & Confidential

Introduction

This report has been produced to support Council Officers and elected Members as they consider how to deliver a sustainable future for the Mill Arts and Events Centre.

It consists of a desktop analysis of the Rochford district and presents an overview of the current provision of arts, events and community facilities across the area. The report also captures the views of relevant stakeholders and members of the public. It does this to provide an insight into how the Mill has been used in the past and what the future of the facility might look like from an end-user perspective.

The site consists of the Mill Arts and Events Centre (built in 1971) and a substantial area of car parking – sitting adjacent to the Grade 2 listed Windmill. The Mill currently provides a range of services to communities in Rayleigh and across the wider Rochford district, including:

- Community use space for local group meetings, exercise classes, trading fairs etc.
- Performance space for local groups and commercial bookings.

The current Centre has a total Gross Internal Area of 1,465m², divided over two floor levels. The main bookable space (the main hall, not including the stage area) has a GIA of 227.5m². The layout of the building also includes office space, toilet facilities, meeting room, a café, licenced bars and a foyer.

The purpose of this paper is to:

- define the relevant demographic criteria that may influence the future of the arts/community activities sector.
- understand current SE Essex provision for arts, events and community venues.
- establish The Mill Arts and Events Centre current position in the market.
- provide further information for those parties that are in the process of preparing an Expression of Interest relating to working in partnership with the Council to operate all or part of the Mill, or to deliver services from the site in the future.

This paper is not intended to present a detailed, segmented, demographic analysis of the type associated with tools such as Mosaic and Audience Spectrum. It is reasonable to argue that, as the Mill is not a dedicated “arts centre” but more of a blended arts/community facility, this type of audience analysis is not appropriate.

Demographics

The population of the Rochford district is projected to increase from the current level of 89,462 to 97,958 in 2040 – a rise of 8,531 or 9.5%¹. As the table below illustrates, the age range groups that will experience the largest growth will be:

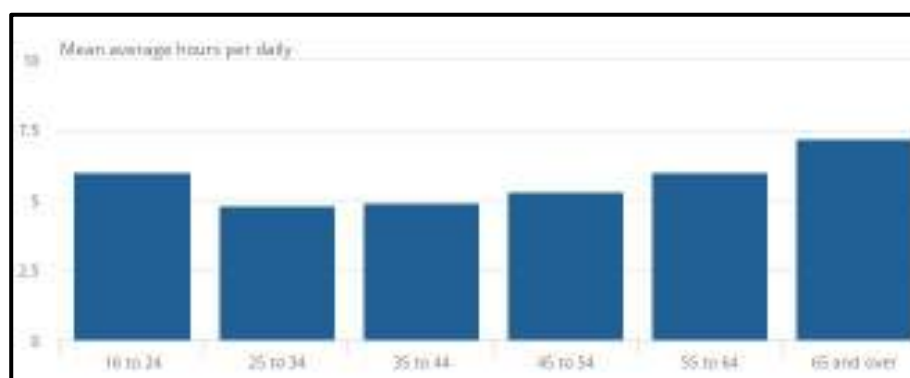
90+	81.1%
71 – 89	27.5%
61 – 70	12.5%

	2022	2025	2030	2035	2040	Change	% Change
0 - 17	17,390	17,631	17,577	17,484	17,828	438	2.5%
18 - 30	11,567	11,462	11,699	12,502	12,595	1,028	8.9%
31 - 45	15,487	16,221	16,861	16,506	16,455	969	6.3%
46 - 60	19,335	18,724	18,153	18,467	19,476	141	0.7%
61 - 70	10,681	11,444	12,645	12,785	12,020	1,339	12.5%
71 - 89	14,048	14,639	15,516	16,754	17,914	3,865	27.5%
90 +	918	949	1,082	1,289	1,669	751	81.8%
All ages	89,426	91,069	93,533	95,787	97,958	8,531	9.5%

The number of people aged under 60 will rise by 2,576, whilst those aged over 61 will increase by 5,955. The biggest additional number of people (3,865) will be in the 71 – 89 age group.

Consultation with RDC's Planning team has confirmed that there are no current development proposals of a scale that might, in the next ten years, significantly impact on these projections.

The table below² demonstrates that the segment of the population aged over 65 spends more daily time on leisure activities (7.2 hours) than any other age group.



These changes in the overall volume and the balance of the population will influence and impact on the demand for particular types of leisure, arts and entertainment facilities across the RDC district.

Other venues

The table below provides an overview of theatre and community centre venues in South East Essex. It clearly demonstrates that the Mill Arts and Events Centre is part of an extensive cultural infrastructure that is able to meet the needs of a wide

¹ Source: Office of National Statistics (ONS). Subnational Population Projections 2018.

² Source: Harmonised European Time Use Survey 2015 (ONS)

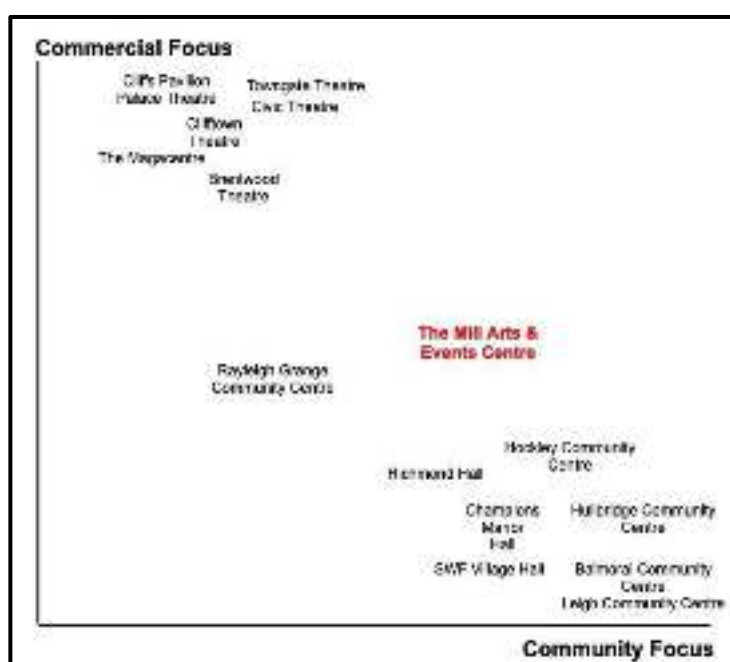
range of user groups – from community groups needing a regular meeting place, to venues where top flight entertainment can be seen.

Venue	Location	Capacity	Number of Shows (pa)	Example Events
Cliffs Pavilion				
Main Auditorium	Westcliff on Sea	1630	300	Chicago The Musical (Named Cst)
				Ross Noble (Comedian - TV)
				Jimmy Carr (Comedian - TV)
				Status Quo (Band)
				Texas (Band)
				Swan Lake (Russian State Ballet)
Maritime Room		220		
Admirals Room		80		
Pavillion Room		100		
Palace Theatre	Westcliff on Sea	603	c 120	National touring comedy
				Touring tribute bands (Coldplay etc)
				Touring TV personalities
Brentwood Theatre	Brentwood			
Main Auditorium		135 - 150	c120	Movies
				Amateur productions (eg: Billerica Operatic Society)
Champions Manor Hall	South Woodham Ferrers	Hall 1 = 140 Hall = 105	Unknown	Community groups
				Sports booking (eg: badminton)
				Meetings
Other theatre venues				
Cliff Town Theatre	Southend on Sea			
Towngate Theatre	Basildon	up to 750	c120	Local performance groups
				Touring tribute bands (Eton John, Eagles etc)
Civic Theatre	Chelmsford	500	c 200	Local performance groups
				Touring tribute bands (Eton John, Eagles etc)
				National touring theatre groups
Other community centres				
Hockley Community Centre	Hockley			Tribute/local bands, Community events
Hullbridge Community Centre	Hullbridge			U3a, Community/interest groups
Balmoral Community Centre	Westcliff	150		Clubs, societies, parties etc
Leigh Community Centre	Leigh on Sea	up to 80		Clubs, societies, parties etc
Rayleigh Grange Community Centre	Rayleigh	200		Conferences, parties, weddings
Richmond Hall	South Benfleet	150		Social, dance & exercise clubs, brass band
South Woodham Ferrers Village Hall	South Woodham Ferrers	up to 184		Clubs, societies, weddings, parties
The Megacentre	Rayleigh	up to 430		Laser tag, soft play, rooms for hire

Market overview

The diagram below illustrates the market position of the Mill in the context of the arts, entertainment and community facilities sector in South East Essex. Direct comparisons are difficult to make – for example some community centres appear to operate in a commercial manner but this is likely to be at a relatively low level. In contrast, the Cliffs Pavilion is a pure commercial operation offering few facilities to community organisations.

However, in broad terms the diagram illustrates two distinct clusters – one that has a primarily commercial focus and the other more orientated around providing community facilities. It is important to acknowledge both the significant gap between these clusters and the relative position that the Mill currently occupies in relation to them.



So, although it can be argued that the Mill occupies a distinctive position, it is in closer proximity to the majority of 'traditional' community centres. It is less aligned with the more 'mainstream' commercial venues which operate at significant scale – in terms of audience capacity and volume of events and ticket pricing. In marketing terms, this suggests that the Mill has been able to successfully differentiate itself from its closest competitors and establish itself in a niche position in the market.

Looking to the future, migrating the Mill further towards either cluster could be challenging and present significant risks.

- A move towards the Community Focus quartile could result in the Mill operating on an uneconomic basis (eg: more bookings below market rates) and may require ongoing financial subsidy from the Council.

- Migration towards the Commercial cluster would require the Mill to become a 'sharper' operator. However, the significantly larger scale of the venues in this cluster would result in the Mill being a small fish in a big pond.

The rational conclusion to draw from this analysis is that the Mill has probably settled in a 'natural' place in the market. This does not mean that it cannot develop its commercial activities (attracting more, similar commercial bookings and, where possible, adjusting pricing to achieve greater market alignment), but this would need to be carefully managed and monitored to ensure that it does not drift into the 'no man's land' between the two clusters, where there is no evidence of unfulfilled or latent demand.

Venue performance

The following summary analyses provide a snapshot of how the performance of a sample venue in each cluster can be evaluated in financial terms.

Cliffs Pavilion: this long established venue currently accommodates over 1,600 in its main auditorium and plans (backed with Levelling Up funding) are in place to double this capacity. The Pavilion attracts 'A' list entertainment acts and puts on over 300 shows per year. The venue is part of Southend Theatres Ltd (alongside the Palace Theatre) which recorded a turnover of £10.3m in the financial year ending March 2019 (pre-pandemic). The company made pre-tax profits of almost £4.5m.

It is clear that the Cliffs Pavilion operates in a very different segment of the market to the Mill. The plans to extend the capacity of this venue strongly indicate its intention to maintain a dominant position in this part of the market.

Champions Manor Hall: was developed and is owned and operated by South Woodham Ferrers Town Council. It is split across two halls that are separated by an atrium and kitchen facilities. In addition to Town Council office space on the upper floor, there are two boardroom size meeting rooms. The accounts for 2019/20 for the Hall indicate that it is difficult for this type of facility to generate a significant surplus. In that financial year, the Hall generated income of £72,600 whilst incurring costs of £65,854 – generating a £6,809 surplus.

The Mill Arts and Event Centre

The Mill has been operating as a community and events centre for almost 50 years. In that time it has established itself as a valued and well-used resource across the RDC district. Analysis of the usage of the Centre in the year before the C-19 pandemic can be summarised as follows:

- 32 x weekly events with an average capacity requirement of 40 persons. Minimum of 10 with one (No.1 Retirement Club) at 120.
- 5 x monthly events with an average capacity requirement of 80 persons. Minimum of 20 with one (U3A) at 250.
- 6 x 2/3/4 monthly events with an average capacity requirement of 219 persons.
- 15 x annual events with an average capacity requirement of 349 persons. 73% (11) of these are 'full day' events – eg craft fairs) where attendance is spread over a number of hours.
- 53 x one-off events with an average capacity requirement of 122 persons. Minimum of 12 with 3 x 300 persons.

See Appendix A for a complete listing of events hosted at the Mill during this period.

This profile of events emphasises the role that the Mill plays in supporting locally based groups and activities. From providing affordable space for small activity groups (eg: yoga, exercise) to hosting local performance groups (eg: RODS), the Mill is demonstrably (and primarily) a community facility. The prevalence of craft fair style events is further evidence of the community focus. Although these will drawing vendors in from a wider geographic area, attracting local attendees lies at the heart of their success.

To create a strategy around how the Mill can continue to meet the needs of the market – in this case community based users across the Rochford district – the evidence of what has/has not worked in the past will need to be combined with an understanding what that market will look like in the future. It is clear from the review presented above that the market demographics will change in two important ways:

1. The overall size of the market is not projected to grow at a significant rate on the next two decades.
2. The age profile of the population will (following the national trend) gravitate towards a higher proportion of residents being age 65+.

It is evident from an examination of the financial performance of the Mill that the provision of this blend of events (albeit enhanced by a small number of more 'commercial' ones) is not an optimal solution. Since 2002, the Mill has been run under contract by a external leisure providers (Holmes Place, Virgin Active and, since July 2014, Fusion Lifestyle). Fusion is not a specialist in running arts venues and this is strongly indicated by the fact that annual operating losses for the Mill have been substantial.

However, if the focus for the future is to operate a new community facility on the Mill site with a cost-neutral expectation, then its performance could be materially improved by:

- Adjusting how its running costs are managed - by creating a lower cost and more flexible facility.
- Reviewing its charging policy to ensure that all bookings achieve at least a break-even position (including all direct and indirect costs).
- Continuing to book a modest number of 'commercial' booking that reflect the position in the market occupied by the Mill.

Marketing considerations

In assessing whether the Mill has the potential to migrate from its current position in the wider market, it is critical to consider what operational capacity and capability would be required to affect this.

However, as noted above, it is also important to recognise that others in the market are more suited and equipped to attract particular types of bookings and that, these venues have the infrastructure (operational and commercial) necessary to deliver these type of events in a consistent manner. Booking agents for touring acts (whether that is stand-up comedians, touring bands, opera/theatre groups) will look for those venues that have a track record of not only staging comparable events but attracting bookings at economically viable levels.

To operate at this level does not simply require a big enough space. It requires sophisticated front of house and back-office capabilities to manage bookings and performances. It also requires a significant investment in marketing and business development. A programme of events needs to be researched, planned and promoted. In addition, commercial relationships with acts, companies and agents must be developed to ensure that a venue is on their 'radar' when tour schedules are being configured.

Furthermore, no venue operates in a vacuum. Should the Mill attempt to establish itself as a competitor to other (current or future) operators, these organisations will seek to protect what they believe to be their market position and commercial advantage. It is likely that commercial arts and entertainment operators will have a more established and refined capability to compete in this situation.

Stakeholder and community engagement

During September and October 2022, a series of engagement sessions were held. In addition to a meeting of the Stakeholder Focus Group, three in person engagement sessions were delivered and user groups and members of the public invited. The sessions were promoted via the Council's website, on social media, through press releases, emails to user groups and onsite at The Mill. A short feedback form was also made available both in printed and online formats.

Feedback via the forms and through attendance at the engagement sessions came from a broad range of the community including user groups, local residents and other key stakeholders.

The following is a summary of the common themes and discussion points that emerged from these sessions.

General points

The following observations and issues were raised:

- More clarity is needed in relation to the perception that the future of the Mill is only secure for a six-month period. This has resulted from confusion over the timeline for the processing of Expressions of Interest from potential partner organisations. It was noted by Officers that the FAQ section on the Council website is the best source of accurate information on this and other aspects of the future of the Mill Hall.
- The need for an investment plan so that people can better understand what the potential 'refurbishment' of the Mill could mean in practice.
- How to secure better integration with the wider Rayleigh economy, both daytime and evening. This was linked to discussion about how to encourage greater footfall and how to develop stronger links to the High Street.
- The future management and marketing of the Mill was mentioned frequently, but with no clear consensus about **who** should do this (the Council and/or an external provider).
- A shortage of halls in the local (Rayleigh) area was noted and this was associated with a view that the Mill should be 'affordable' for the local community to use.

The building

A range of observations were recorded relating to the configuration on the existing building and the facilities it currently offers/could provide in the future.

- A number of comments were made about the multi-purpose nature of the Mill. This was seen by many as one of the centre's strengths. However, there was a consensus view that the practicalities of sub-dividing the main ground floor space should be investigated. This was supported by a view that this might help to increase the potential user base - particularly in the daytime.
- Those who have organised or attended events (especially in the upstairs spaces) noted that improvements to ventilation, or the installation of an air conditioning system, would improve the visitor experience.
- A number of specific facilities were highlighted as being potentially important to the future useability of the Mill, including:
 - A new stage – either fixed or removable.

- Improvements to the sound and lighting systems.
 - Toilet facilities on the upper floor.
 - A cloakroom.
 - A separate bar area and/or relocation of the bar on the upper floor.
- A number of participants noted that the relative lack of parking adjacent to the Mill acted as a disincentive to large events and/or those that were likely to attract visitors from further afield (eg: craft and art fairs).

Potential uses

Participants were invited to suggest uses for the Mill – either based on those that took place in the building before its temporary closure, or new uses that might attract additional/alternative users.

Suggested Use	Comment
Community use	Providing facilities for vulnerable – hot food, heated space University of the 3 rd Age
Café (restaurant)	Anecdotally historically popular and successful
National Trust	Volunteers base, exhibition space
Art exhibitions	Featuring local/amateur artists
Office/hot desks (upstairs)	Space for use by local VCS groups
Civic dinner	To demonstrate Council commitment to venue
Tea dances	Reinstatement of previously popular events
Cinema/film screenings	Film club, small screen, relaxed viewings, parent/baby friendly
Childcare	Facility for parents and/or childminders to gather
Sports	Table tennis, badminton, indoor bowls
Wedding receptions	Linked to weddings booked at the Windmill
Performances	Amateur dramatics, scouts/guide jamborees
Commercial arts events	Comedy night/club, tribute bands, live music
All day fairs (horticulture, Xmas etc)	To attract visitors from further afield
Event/activities for young people	To fill 5 – 7pm timeslot
Bingo	

This feedback, provided by relevant stakeholders and previous users, supports the analysis in the earlier section of this report, namely that:

- There is a preference for the Mill to continue to be an 'arts' venue.
- There is a recognition that the Mill is not positioned in the same space as other arts venues (such as the Cliffs Pavilion).
- There is an 'all day' dimension to the Mill that relates to its status as a community facility.
- The focus of the Mill should be on providing facilities for a diverse range of local community and arts users.
- In future, the Mill needs to be supported by improved operational management and marketing.

Appendix A

The Mill Arts and Events Centre

Usage data relating to last full, pre-COVID year

Booking	Regularity	Rooms Used	Attendance
Karate	Weekly	Main Hall	10
Kardy Exercise Class	Weekly	Bar Lounge	10
Diabetic Clinic	Weekly	Meeting Room	10
Sweaty Mama's	Weekly	Bar Lounge	10
NHS Weight Loss	Weekly	Meeting Room	10
Diabetic Clinic	Weekly	Meeting Room	10
Jumping Beans	Weekly	Main Hall	20
Jumping Beans	Weekly	Main Hall	20
Art Class	Weekly	Meeting Room	20
Jumping Beans	Weekly	Main Hall	20
Chair Yoga	Weekly	Bar Lounge	25
Pilates	Weekly	Bar Lounge	30
Julie exercise class	Weekly	Bar Lounge	30
Tai Chi	Weekly	Bar Lounge	30
Vicky Exercise	Weekly	Bar Lounge	30
Ballroom Beats	Weekly	Bar Lounge	40
Jazzercise	Weekly	Bar Lounge	40
Funky Voices	Weekly	Main Hall	40
Jazzercise	Weekly	Bar Lounge	40
Vicky Exercise Class	Weekly	Main Hall	50
Weight Watchers	Weekly	Bar Lounge	50
Weight Watchers second session	Weekly	Bar Lounge	50
Tea Dance	Weekly	Main Hall	50
Tracey Bateman exercise	Weekly	Main Hall	50
Weight Watchers	Weekly	Bar Lounge	50
Jazzercise	Weekly	Main Hall	60
Slimming World	Weekly	Bar Lounge	100
Goodfellowship Retirement Club	Weekly	Main Hall	130
Jazzercise	Weekly	Main Hall	50
Zumba	Weekly	Main Hall	50
No1 Retirement Club	Weekly	Main Hall	120
Many Lee Diet and Fitness	2 Sessions a week	Bar Lounge	60
Compers Club	Monthly	Meeting Room	20
Dance Practice	Monthly	Main Hall	40
Salsa	Monthly	Main Hall	70
Rayleigh U3A	Monthly		250
Alzheimers Support Group	Twice a month	Meeting Room	20
Rayleigh Brass	Twice a year	Main Hall	200
Rayleigh Operatic society (Multiple dates)	Twice a year	Main Hall	250
Wrestling Show	3 Times per year	Main Hall	300
Rayleigh horticultural Show	3 times per year	Main Hall	Approx. 250 total over three hour period
Meditation Workshop	Every 3 months	Meeting Room	15
Lee Hurst Comedy night	4 times a year	Main Hall	300
Football Presentation	Annual	Main Hall	Approx. 350 total over whole day
Live Music	Annual	Bar Lounge	100
The Mill NYE Party	Annual	Main Hall	230
Pantomine (RODS)	Annual	Main Hall	300 x 2 performances over 1 day.
The Real Swing - Band night	Annual	Main Hall	500 - standing only
The Rollin Stoned - Tribute Night	Annual	Main Hall	350 - standing only
Spring Craft Fayre	Annual	Main Hall	Approx. 300 total over whole day
Football Presentation	Annual	Main Hall	Approx. 350 total over whole day
Dancing Competition	Annual	Main Hall*	Approx. 400 total over two sessions
Dolls House Fayre	Annual	Main Hall	Approx. 400 total over whole day
Autumn Craft Fayre	Annual	Main Hall	Approx. 400 total over whole day
Indoor Boot sale (Winter only)	Annual	Main Hall	Approx. 400 total over whole day
Cats Protection Christmad Fair	Annual	Main Hall	Approx. 400 total over whole day
Mind, Body, Soul and Vegan Fair	Annual	Whole Building	Approx. 500 total over whole day
Trinity Fayre	Annual	Whole Building	Approx. 600 total over whole day

Booking	Regularity	Rooms Used	Attendance
First Aid course	One off	Meeting Room	12
Meeting	One off	Meeting Room	20
AGM Meeting	One off	Meeting Room	20
First Aid course	One off	Meeting Room	20
Meeting	One off	Meeting Room	20
First Aid course	One off	Meeting Room	20
First Aid course	One off	Meeting Room	20
First Aid course	One off	Meeting Room	20
Poppy Collection	One off	Meeting Room	25
Windmill Wedding	One off	Meeting Room	25
Poppy Collection	One off	Meeting Room	30
Presentation Kirbys coaches	One off	Meeting Room	30
AGM Meeting	One off	Meeting Room	30
RDC Holocaust Memorial (provisional Booking)	One off	Bar Lounge	50
Charity Quiz Night	One off	Bar Lounge	70
Charity Quiz Night	One off	Bar Lounge	80
Jazzercise Christmas party	One off	Bar Lounge	80
Birthday Party	One off	Bar Lounge	80
Surprise 60th Birthday Party	One off	Bar Lounge	100
Birthday Party	One off	Bar Lounge	100
Family Party	One off	Bar Lounge	100
Presentation evening	One off	Bar Lounge	100
40th Birthday Party	One off	Bar Lounge	100
Birthday Party	One off	Bar Lounge	100
Wedding Party	One off	Bar Lounge	100
30th Birthday Party	One off	Bar Lounge	100
NHS Staff Party	One off	Bar Lounge	100
Wedding Party	One off	Bar Lounge	100
70th Birthday	One off	Bar Lounge	100
40th Birthday Party	One off	Bar Lounge	100
60th Birthday Party	One off	Bar Lounge	100
40th Birthday Party	One off	Bar Lounge	100
40th Birthday Party	One off	Bar Lounge	100
Birthday Party	One off	Bar Lounge	100
50th Birthday	One off	Bar Lounge	100
Charity Dinner dance	One off	Bar Lounge	100
Charity Quiz Night	One off	Main Hall	120
Wickford Ballroom Dinner and Dance	One off	Main Hall	150
Cabaret Concert	One off	Main Hall	200
Wedding Reception	One off	Main Hall	200
Orchestral Concert	One off	Main Hall	200
Charity Ball	One off	Main Hall	200
Wedding Reception	One off	Main Hall	200
Football Club Dinner and Dance	One off	Main Hall	200
30th Birthday Party	One off	Main Hall	200
Wedding Reception	One off	Main Hall	200
Big band - Dance	One off	Main Hall	250
Dance Show and disco	One off	Main Hall	300
Funky Voices Christmas Party	One off	Main Hall	300
Dance Showcase Event	One off	Main Hall	300
Craft Fair	One off	Main Hall	300
Southend Hospital Craft Fair	One off	Main Hall	300
Charity Fayre	One off	Main Hall	400