



**Rochford District
Council**

REPORT TITLE:	The Mill Arts & Events Centre (The Mill Hall)
REPORT OF:	Cllr Vilma Wilson, Leader Member Assets & Facilities

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. Prior to this decision, 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.

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. The EOI process identified two preferred partners: The Design Cabin Community C.I.C and The MegaCentre Rayleigh.

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.

The Council now needs to formalise the end of the EOI process and confirm 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 Mill Hall.

RECOMMENDATIONS

R1 – That the objectives for the Mill Arts & Events centre are agreed as follows:

- a) That the Mill Hall Arts and 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.

R2 – That the Community Expression of Interest Process is formally concluded with neither preferred partner being awarded a contract.

R3 – That officers conduct a commercial soft market testing exercise for the operation of the café at the Mill Arts & Events Centre.

R4 – 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, as per Appendix 1 (exempt).

R5 – That a budget of up to £10,000 is allocated for a structural survey of the Mill Arts & Events Centre.

R6 – That the draft Market Research objectives are approved enabling officers to procure and conduct the research.

R7 – That, following the conclusion of the market research, engagement activity and structural survey, options for the future operation of the Mill Arts & Events Centre are presented back to the Full Council with a supporting business case.

SUPPORT ING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The Council needs to formally end the current community expression of interest process and to set clear objectives and a direction of travel for the Mill Arts & Events Centre. These will underpin the targeted market research with resulting data informing decisions about the capital investment required and the optimum operating models to ensure the future sustainability of the Mill Arts & Events Centre.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council could proceed with operating the building ‘as is’. However, the Council’s Business Plan key priorities include the need to look at the future operation of the Mill Arts & Events Centre to strive to achieve financial sustainability. Currently the operating of the building ‘as is’ does not achieve financial sustainability, operates at a deficit and has to be funded from the Council’s financial resources.

3.0 BACKGROUND INFORMATION

3.1 INTRODUCTION

- 3.1.1 The Mill Arts & Events Centre has been a leisure site within the current leisure contract since 2002. The building had been earmarked for redevelopment in the Council's Asset Delivery Programme (ADP) and was closed to the public. Following the Executive decision on 13 July 2022, the Mill Arts & Events Centre re-opened to the public on Monday 12 September 2022. The centre is currently available for public use and hire.
- 3.1.2 At the Executive on 7 March 2023, it was approved that the Council would continue to operate the centre. In order to do this the Executive approved revenue budgets for the following:
- a) £166,100 for staffing costs, including a manager, 2 duty managers and a customer contact advisor
 - b) £4,000 for marketing and promoting events at the centre.
 - c) £220,000 for operating costs. This includes, repairs, utilities, cleaning, waste, business rates, insurance and other operating costs.
- 3.1.3 The current annual running costs for the Mill Arts & Events Centre is £390,100. An income budget of £50,000 has also been included. Therefore, the net position on the budget is an expenditure of £340,100 per annum. This position is not financially viable in the longer term and the Council, therefore, must increase income as well as look at options to reduce expenditure.
- 3.1.4 On top of the revenue costs, it has been identified from the stock condition survey completed in September 2022 that the building requires £1,250,000 investment over a 15 year period to keep it in its current standard.
- 3.1.5 Currently, £185,000 has been budgeted for priority works, with a further £45,000 identified for furniture replacement. The further works will be profiled over the coming years in line with the Council's budget setting timetable.
- 3.1.6 Since the Executive decision, all staffing posts have now been recruited to and, in addition to this, the Citizens Advice have relocated from Civic Suite to the Mill Hall.

3.2 THE MILL ARTS & EVENTS CENTRE OBJECTIVES

- 3.2.1 The Council must focus on the outcomes it wants from the Mill Hall Arts & Events Centre. Outlining these key outcomes and objectives focuses on successful delivery.
- 3.2.2 The Council understands its current situation, that the building needs significant capital investment totalling £1.250 million over a 15-year period and that the building is currently not making enough revenue to offset this capital investment. Therefore, possible tenants would not want to take on the risk and responsibility of those works highlighted.
- 3.2.3 The current operating costs are significantly high due to the age and design of the building, this was highlighted during the EOI process, making it difficult for interested parties to quantify a financial return to the Council and increasing the risk to the Council that the operation of the building could come back into the Council's remit.
- 3.2.4 The Council now needs to determine the long term objectives for the site to help inform how to operate the Mill Arts & Events Centre. The Executive agreed on 7 March 2023 the following high level objectives:

- 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 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 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.

3.2.5 Following further work with the current joint administration these objectives have been refined to the following:

- a) That the Mill Hall Arts and 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.

3.3 COMMUNITY EXPRESSION OF INTEREST

3.3.1 Following the Community Expression of Interest process, two preferred partners were identified. The MegaCentre proposed to operate a community café, utilising their 32 partners to have a presence at the café. The proposal also included an opportunity for these partners to potentially have a desk space at the Mill Hall generating a hire income to the Council. The income generated from the café would be recycled into

the community offering. However, the MegaCentre would share any profits above this on a 50:50 basis.

- 3.3.2 Focusing on the revised key objectives that the food and drink offering should be a commercially competitive offering, the MegaCentre's proposal does not support the Council's objectives on commerciality and an overall focus for the venue on the Arts and Events. Albeit the Council recognises the strong community offering that the bid proposed.
- 3.3.3 It is therefore recommended that Council formally ends the EOI process with the MegaCentre. The organisation have put a considerable amount of effort and resource in their application and the Council wishes to continue working with them on future opportunities to support their work of supporting the local community.
- 3.3.4 The other preferred partner identified was The Design Cabin, with their offering of running and operating the Arts and Events Centre. Officers had concerns with Design Cabin's application due to the organisation not having experience of operating a facility of this scale previously.
- 3.3.5 The Council has met with Design Cabin further who alongside the MegaCentre highlighted the need for further information from the Council. This information included;
- Market Research
 - Developing a Cultural Vision and understanding Social Outcomes
 - Identifying the true operating costs of the building as well as the true investment required.
- 3.3.6 Design Cabin's original business case would be able to rebased and refined following further detailed information. Therefore, it is recommended that on this basis the Council will not award the operation of the Arts and Events to the Design Cabin. However, will continue to work with them and support them.
- 3.3.7 This formally draws to a close the community expression of interest process.

3.4 THE CAFÉ & BAR

- 3.4.1 In order to get the café to an operational standard, investment for improvement works of up to £72,000 is required. By seeking a commercial vendor to operate the café on a commercial lease, the Council is able to negotiate with the commercial vendor for upfront investment into the café.
- 3.4.2 The Café will currently remain closed pending soft market testing engagement activity which will seek for a commercial operation of the café to better understand the interest in the café from a commercial perspective.
- 3.4.3 The Council has been approached from a local company Eternity Events to operate the bar as an interim solution whilst the Council develops it's full business case.
- 3.4.4 This opportunity allows the Council to open the bars when there is an event booked at the Mill Arts and Events Centre, providing an enhanced experience for the hirers

and their guests. Eternity Events will provide the beverages and staff, the Council just needs to provide the space.

- 3.4.5 The contract between Eternity and Events would be based on a profit share. The proposal from Eternity Events is attached within confidential Appendix 1.
- 3.4.6 The contract will work in a way that when an event is booked at the Mill Hall, the hirer will then have the opportunity to also book the bar, which Eternity Events will supply. The bar will open be open for the duration of the event. This is to ensure that any events hosted at the Mill Arts and Events Centre do not have an impact on the local high street economy. Therefore, before and after the event, visitors can utilise the businesses in the high street for food and beverages.
- 3.4.7 This option can be quickly put into operation but some minor works are needed to bring the bars back into use, given that they have been unused for a period of some time. It is therefore recommended that the Council invests £6,500 in preparing the current bar spaces and enters into a contract with Eternity Events on a rolling annual contract to provide bar services at the Mill Arts & Events Centre.

3.5 MARKET RESEARCH

- 3.5.1 The EOI process highlighted the need for the Council to conduct further market research and gather additional data to inform the future operation of the Mill Arts & Events Centre. This was further supported by recommendation of the Overview & Scrutiny Committee.
- 3.5.2 The Council should appoint a suitably qualified and experienced consultancy practice to carry out this market research to inform its business case on how to deliver a sustainable future for the Mill Arts & Events Centre.
- 3.5.3 In October 2022 Rochford DC reported on some desktop research carried out to evaluate and understand the current provision of arts, events, and community facilities across the area and where the Mill Arts & Events Centre currently sits within that market. The report also captured the views of relevant stakeholders and members of the public (sample size unknown) by providing some thoughts about how the Mill Hall has been used in the past and some suggestions on what the future of the facility might look like from an end-user perspective. However, due to the limitations of this exercise it was difficult to draw firm conclusions about the most viable way forward.
- 3.5.4 In order provide the Council with the information it needs to inform the vision and sustainable future of the Mill Arts & Events Centre, the following objectives are proposed for the market research:

RESEARCH 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.
- 3.5.5 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.
- 3.5.6 The Council is keen to hear from 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.

3.6 NEXT STEPS

- 3.6.1 The vision for the Mill Arts & Events Centre is clear; that the venue's primary function is an Arts & Events Centre. Market research needs to be undertaken to establish the most commercially viable format for the Mill Arts & Events Centre. A full business case will be developed, which will include the capital investment required for the building and the level of subsidy the Council is prepared to provide for running costs.
- 3.6.2 A structural survey needs to be completed on the building taking account of the building condition survey completed in September 2022. Officers will procure a condition survey that will look at the need of investment required but also focus on exploring options on how to decarbonise the building at what cost and what opportunities there are to fund this.
- 3.6.3 Following the results of the market research and structural survey officers will bring forward options for the building and how it is to be operated to the Full Council. This report is anticipated for Sprint 2024.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There is currently £25k allocated for market research and engagement for the Mill Hall arts and Events Centre. This is allocated from the Community Investment Plan.
- 4.2 It would be expected that is the cost of the structural survey and bar enhancements could not be met from within existing budgets. These budgets would need to be funded from the Community Investment Plan reserve.
- 4.3 The current operating costs outlined within the report are captured in the Council's current medium term financial plan.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council has conducted the Expression of Interest process in line with regulatory requirements and can now draw that process to a close. There is no legal obligation on the Council to award a contract to any of the participants in the EOI process.
- 5.2 The Council can appoint Eternity Events as its bar operator without a competitive tender exercise as the value of the contract falls below the thresholds in the Council's Contract Procedure Rules.
- 5.3 The Council is required to ensure that the Mill Arts & Events Centre adheres to commercial property compliance legislation, including (but not limited to):
- Health and Safety at Work Act 1974
 - Regulatory Reform (Fire Safety) Order 2005
 - Control of Asbestos Regulations 2012
 - Electricity at Work Regulations 1989
 - Building Regulations.
 - Equality Act 2010
 - Environmental Protection Act 1990

The remedial works proposed within this report will help ensure that the building remains compliant.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no direct resource implications, the ability to enter into a contract for the bar operations allows the Council to offer an enhanced service for its events without have to internally resource the service. The contract management will be absorbed by the General Manager of the Mill Arts and Events Centre.

7.0 RELEVANT RISKS

- 7.1 If programmed maintenance and repair works are not undertaken there is a risk that the building could become non-compliant. The conditions survey and remedial works proposed in this report will mitigate the risk of non-compliance.
- 7.2 If the bar is not reopened there is a risk that hirers will take their events to other venues that can provide a better food and drink offering. This risk is mitigated by the proposal to operate the bar through a third party on a hire-by-hire basis.
- 7.3 If the Council implements an operating model within full meaningful market research and engagement there is a risk that the chosen mode of operation will become financially unsustainable or that it doesn't meet the actual needs and requirements of our communities. This risk is mitigated by the proposals for market research and engagement contained in this report.
- 7.4 If the Council does not consider the future of the site holistically there is a risk of undertaking unnecessary capital works and missing the opportunities for decarbonisation. The intermediate proposals contained in this report will protect the Council from undertaking any unnecessary works (only compliance works are

included) and will enable the Council to fully explore opportunities for improving the environmental sustainability of the building.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 This report has been informed by engagement and consultation undertaken over the last year in various guises and through listening to informal feedback from members of our community. Before any future operating model is agreed, significant research and engagement will be undertaken.

9.0 EQUALITY IMPLICATIONS

- 9.14 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.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The purpose of a structural condition survey is to look at how the Council can reduce its carbon output from this asset to make it more environmentally sustainable. The business case for the proposed operating model, following all engagement, market research and surveys will detail the environmental impacts and where the Council is able to improve the environmental sustainability of the site.

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APPENDICES

Appendix 1 – Eternity Events Proposal (exempt)

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council – Item 3: Asset Delivery Programme Contract Award	08/09/2020
The Executive – Item 8: Leisure Service Provision from April 2021	02/12/2020

Council – Item 12: Asset Delivery Programme	02/11/2021 and 02/12/2021
The Executive – Item 8: Leisure Contract Operational Update	04/11/2021
The Executive – Item 7: Asset Delivery Programme Update	13/07/2022
Council – Item 8: Report of the Executive	26/07/2022
Overview & Scrutiny – Item 6: Future Operating Model of Mill Arts & Events Centre and Item 7: The Community Investment Plan	01/02/2023
The Executive – Item 6(3): Report of the O& Committee – Community Investment Plan	07/02/2023
Overview & Scrutiny – Item 6: The Mill Arts & Events Centre (The Mill Hall) - Outcome of the Community Expression of Interest Process and Future Operating Costs	23/02/2023
The Executive – Item 6 (1) Report of the O&S Committee - The Mill Arts & Events Centre (The Mill Hall) - Outcome of the Community Expression of Interest Process and Future Operating Costs	07/03/2023