



Cabinet 27 March 2013

The Guildhall Project, Bury St Edmunds (Mar13/05)

1. Summary and reasons for recommendations

- 1.1 The Guildhall Project is a joint venture between the Bury St Edmunds Heritage Trust Limited and the Guildhall Feoffment Trust. The Project is also fully supported by a number of local societies and organisations including The Bury Society. The long term aim of the Project is to make the Guildhall fully sustainable and financially independent. This paper seeks the Cabinet's endorsement of a funding bid by the Project and a new approach for the future asset management of the Guildhall and 79 Whiting Street.

2. Recommendations

2.1 It is **RECOMMENDED** that:

- (1) the Council agrees to be a co-signatory to the Guildhall Project's forthcoming funding application to the Heritage Lottery Fund on the basis set out in paragraphs 4.5 to 4.7 of Report D333;
- (2) the Council also supports the long-term objective of surrendering its role as Managing Trustee to achieve a sustainable community asset transfer of the Guildhall and 79 Whiting Street, Bury St Edmunds to a Guildhall Management Company (or equivalent), on the basis set out in paragraphs 4.8 to 4.10 of Report D333; and
- (3) in respect of the above, the Director, in consultation with the Portfolio Holders with responsibility for property services and heritage, be authorised to negotiate and sign a Licence and/or Memorandum of Understanding with the Guildhall Project in respect of the proposed joint venture, provided that it is consistent with the Council's agreed budgets and policy framework and that the Council's Monitoring Officer and Chief Financial Officer are satisfied that any agreements provide sufficient safeguards to the local taxpayer.

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3. Corporate priorities

3.1 The recommendations meet the following, as contained within the Corporate Plan:

Priority 1: 'Working together for strong, healthy and diverse communities' we will work with others to:-

- (a) encourage wider access to physical and cultural activities and promote healthy lifestyles to benefit as many as possible; and
- (b) promote cultural, sporting and leisure opportunities to all ages and abilities;

Priority 2: 'Working together for prosperous and environmentally-responsible communities' we will work with others to:-

- (a) ensure the viability of our town centres and promote the individuality of our towns and rural areas, especially through support for our markets and tourism.

4. Key issues

4.1 At the heart of the Council's approach to asset management in recent years has been the principle of community asset transfer where this can be achieved sustainably, and retains and/or improves facilities. Notable successes of this approach include the Haverhill Town Hall Arts Centre, Southgate Community Centre, Bury St Edmunds Rugby Club and the Victory Sports Ground.

4.2 For many years, the Council has acted as Managing Trustee for the Guildhall in Bury St Edmunds on behalf of the Guildhall Feoffment Trust which owns the property. Over a normal maintenance cycle of several years, the Council covers the costs of this arrangement through rental income from the Guildhall itself, and from the adjoining 79 Whiting Street (also owned by the Feoffees, but managed by the Council). However, this funding mechanism does not provide for any major improvement to the current facilities.

4.3 The Guildhall Project (see www.buryguildhall.co.uk) aims to create an exciting new Exhibition and Heritage Centre within the existing Guildhall complex. This Guildhall is thought to be the oldest civic building in England and the Guildhall Heritage Centre will make this historic building accessible to the general public once more. The Centre also aims to utilise the entire site, developing accessible green spaces, sensory gardens and courtyard areas. However, the site's main feature will be the historic Guildhall building itself. This nationally important building was built to act as a focus for the medieval town and it is the intention of the Guildhall Project to make the building once again central to community life within Bury St Edmunds. Project features will include:

- (a) **Display/Exhibition galleries:** The two principal rooms within the Guildhall will become the focus for the events and exhibition space. Each will be made available for local and community events and celebrations, small conferences and temporary exhibitions.
- (b) **Royal Observer Corps 'Ops Room':** Located within the historic Guildhall complex the 'Ops Room' was built as a key part of the air defence of East Anglia in the months leading up to the outbreak of WWII. The 'Ops Room' is the only surviving example of its type in England and,

as such, is of significant historical interest. The room itself will be recreated as it would have looked at the height of its operational use during the early years of the war. In association with this will be two smaller galleries, telling the story of the 'Ops Room' and the local people who served there.

- (c) **Community Gallery:** The smaller community gallery is intended to act as a focus for local and community events. In addition, it is anticipated that it will tell the story of the Guildhall building itself and the unique Feoffment Trust that has, since the Tudor period, owned and operated the building.

- 4.4 From the Council's perspective, this project offers considerable advantages over and above the asset management opportunities. If delivered, the Project would become an integral part of the collective aspiration of tourism, business, heritage and cultural partners in West Suffolk to develop attractions (for local people and visitors alike) and to co-ordinate their programming and marketing, perhaps as part of a 'heritage trail' concept. The facilities proposed would complement those currently provided directly by the Council.
- 4.5 It is envisaged that the entire project cost will be in excess of £500,000 and will take up to five years to complete. At the present time the project is entirely reliant upon donations and voluntary contributions. The Project intends to submit a major Heritage Lottery Fund (HLF) application in late May or June.
- 4.6 The Borough Council's support is essential for the funding application, both as Managing Trustee and potential partner. Indeed, on the advice of HLF, the application must be in the form of a joint venture, and co-signed by the Feoffees, the Bury St Edmunds Heritage Trust and the Borough Council. However, the Borough Council would not be expected to contribute to the long-term running costs of the Project, or the capital costs of the conversion. Prior to any transfer, it would simply be expected to continue to make available what is already budgeted for 'Urgent' and 'Essential' works (and officer time) in relation to the two properties. Subject to suitable safeguards, the cost to the taxpayer should therefore be neutral, certainly in the long-term.
- 4.7 The Council's main contribution to the Project would be 'in kind', working as an active partner through its various leisure services teams (heritage, tourism and culture). The Council would also assist in the community asset transfer process, with professional support from its property and legal teams. On this basis, Cabinet is asked to formally endorse the Project so that its support can be incorporated into the HLF application.
- 4.8 The Council's involvement in the joint venture would be governed by a Licence and/or Memorandum of Understanding (MOU) agreed with the other partners. The MOU would provide the necessary safeguards for the taxpayer, as well as the other partners. It would also include the basis on which the buildings were to be licensed to the Project and arrangements in relation to the current licence holders, whom neither the Council nor the Project wish to see inconvenienced. The 'road-map' to an eventual full transfer of responsibilities would, in principle, be in three stages:
- (a) **Stage 1:** *running from the current time until the termination of the agreements between the Borough Council and the current tenants/licence*

holders of the Guildhall and 79 Whiting Street (precise dates to be by negotiation and informed by the project plan).

During this stage, the Feoffment Trust would retain its current responsibility for preserving the status of the Guildhall as an amenity for the Town. The Borough Council would remain responsible for maintaining the site in accordance with the Charity Commission Settlement (and continue to receive all rental income). The current Licence holders would remain responsible and empowered as defined in their respective agreements.

- (b) **Stage 2:** *roughly coinciding with the start of the Development Phase until completion of the Implementation Phase of the Project.*

In relation to the Feoffment Trust and Council's formal responsibilities, these would be no different to Stage 1. However, the current licence holders would obviously lose their rights and responsibilities. The Joint Venture would also gain certain responsibilities and powers as delegated through the formal licence/MOU issued by the Borough Council.

- (c) **Stage 3:** *commencing on completion of the Implementation Phase of the Project.*

In this final phase, as the financial and management capacity of the Project increases, the Borough Council would gradually transfer its Charity Commission responsibilities to a 'Guildhall Management Company' in stages (subject to periodic review and the agreement of the Charity Commission). At the end of Stage 3, the Council would have no ongoing responsibility for the two buildings; the Management Company would receive all income and take on the full running costs.

- 4.9 There is considerable detail still to be determined in relation to the form of the MOU and/or Licence. Issues to be resolved include: the date(s) at which the existing licences expire (and minimising the impact upon the existing licence holders); the process for a change of agreement between the Feoffees/Borough Council and the Charity Commission; the milestones which need to be reached in terms of financial sustainability for the staged transfer of responsibility during Stage 3; the definition of a 'Guildhall Management Company'; and the safeguards which will ensure that the taxpayer is not exposed to any undue risk by the Project.
- 4.10 Since the Trustees already own the building, it is only the management arrangements which are in question. As such, approving the initial MOU/Licence to enable this transfer of operational responsibilities is an executive function, provided that it is within approved budgets and policies. Therefore, it is suggested that delegated authority be given to the officers, in consultation with the relevant portfolio holders, to negotiate and sign the MOU/Licence, provided that the Council's Chief Financial Officer and Monitoring Officer are both satisfied that it provides sufficient safeguards for the taxpayer. It may be, subject to the advice of the Charity Commission, that a further formal decision will be required from the Council at the end of Stage 3, to finalise the transfer process.

5. Other options considered

- 5.1 The detail of the latest HLF bid has been developed by the Project, following its own options appraisal. The Council has no other plans in relation to the Building, so the only other option at present is the status quo.

6. Community impact

6.1 Crime and disorder impact *(including Section 17 of the Crime and Disorder Act 1998)*

- 6.1.1 Not applicable.

6.2 Diversity and equality impact *(including the findings of the Equality Impact Assessment)*

- 6.2.1 Supporting the Project will not have any diversity and equality impact in its own right. The Project would be expected to maintain its own equality and diversity standards, and to deliver accessibility to services at the Guildhall (within the constraints of planning legislation in respect of listed buildings).

6.3 Sustainability impact *(including completing a Sustainability Impact Assessment)*

- 6.3.1 Not applicable at this stage.

6.4 Other impact *(any other impacts affecting this report)*

- 6.4.1 None.

7. Consultation *(what consultation has been undertaken, and what were the outcomes?)*

- 7.1 The Project is carrying out, and leading, public and partner consultation, and has the support of a wide number of local groups and individuals. The Council's main concern at this stage of the Project is that the existing licence holders for the two buildings are fully informed of the proposals at the appropriate stages of the Project. The licence holders of the Guildhall itself, who will be the first to be directly affected, have all been consulted.

8. Financial and resource implications *(including asset management implications)*

- 8.1 The full Project as currently proposed is dependent upon the success of the HLF application. If it proceeds in any form, the Council is only being asked to maintain its current essential and urgent property services budgets (and staff time) for the Guildhall until the phased transfer is fully achieved (hopefully on a sliding scale). The staff time in leisure services invested in the Project will be accommodated within existing budgets, since it is entirely consistent with the Council's existing plans to develop community facilities and visitor attractions in Bury St Edmunds.
- 8.2 If the Project proceeds, the main implication for the Cabinet to be aware of is around the potential for a temporary shortfall in rental income during Stages 2 and 3 of the Project, when existing uses are displaced by building works and before new income streams are realised. Combined rental income for the Guildhall and 79 Whiting Street is currently over £30,000 a year. In reality, this risk already exists for the Council in its role as Managing Trustee, since there is never any guarantee that occupancy will not change. This risk will be managed by carefully phasing the withdrawal (and, if applicable, return) of the licence

holders around the redevelopment programme, seeking alternative sources of income and also minimising the ongoing expenditure by the Council on the building. In the long-term, any short-term overspend would be justified by achieving a self-sufficient community asset transfer. At that time, all of the Council's current and potential liabilities would end.

8.3 A key part of agreeing any MOU or Licence would be the Chief Financial Officer being satisfied that the proposal represented good value to the taxpayer, and also provided sufficient financial safeguards.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The Project does not achieve HLF funding and cannot proceed (with loss of community and economic benefit)	High	The Project is putting together a comprehensive application, with external advice, which will have the support of not only the Borough Council but many other partners in the town	High
The Project does not achieve its targets for income	Medium	The business plan being prepared by the Project is not based on excessive income projections, and the costs will be kept low due to the volunteers who will run it, and the support of partners.	Low
The Project fails at Stages 2 or 3, or after transfer	Low	The funding application and MOU/Licence will need to indemnify the Council against any failure of the capital project. Transfer will be staged in terms of the Project achieving defined steps towards independence. Once permanent transfer is achieved the Council will have no ongoing responsibilities.	Low

10. Legal and policy implications

10.1 There are no new policy implications from the proposal since it meets the Council's existing objectives in relation to community asset transfer and promoting heritage, culture and tourism in West Suffolk. The Council's Monitoring Officer would need to be satisfied that all legal implications are addressed by the MOU/Licence before it could be signed under the proposed delegation.

11. Wards affected

11.1 All wards (but Guildhall is located within Abbeygate Ward).

12. Background papers

None

13. Documents attached

13.1 None