

**CAPITAL PROJECT – CREATE**

*To:* **Commercial and Investment Committee**

*Meeting Date:* **20<sup>th</sup> October 2017**

*From:* **Wendi Ogle-Welbourn, Executive Director – People and Communities**

*Electoral division(s):* **All (and specific to Arbury Ward)**

*Forward Plan ref:* **n/a** *Key decision:* **No**

*Purpose:* **To advise Commercial and Investment committee on recent progress for the project to convert a Council-owned community arts building in North Cambridge into a state-of-the-art National Centre for Research and Engagement in Arts, Technology and Education (CREATE) facility from which to develop and promote innovation in arts education, arts therapy, talent development, research and community participation.**

*Recommendation:* **a) Consider the two options proposed in the paper and determine whether to designate the site as “surplus to requirements” and pursue a negotiated cash purchase of the site or support the ongoing CREATE project development, releasing the site for this purpose in order to enable planning and income generation to continue.**

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## 1.0 BACKGROUND

- 1.1 This project will convert the St Luke's Barn, a Cambridgeshire County Council (CCC) owned (formerly Cambridge City Council managed) community centre on the site of St Luke's Primary School, French's Road, Cambridge, into a National Centre for Research and Engagement in Arts, Technology and Education. Children and Young People's Committee (CYP) and General Purposes Committee (GPC) have given their support for the project in principle. GPC has requested Commercial and Investments Committee (C&I) approval for the site to be used for this purpose as part of its approval in principle to invest up to £500K in the project and provide a £500K repayable loan. **No funding is committed by CCC until all funding is secured for the project.** The project has secured a further £1million investment from the Arts Council of England as one of eleven awards for large-scale capital projects, and the first to a music education hub. Additional funding is being sought from multiple income streams listed in 4.1.3.
- 1.2 C&I (formerly Assets and Investment Committee) requested officers to explore the potential for a joint venture with the developer of the neighbouring site as well as continue work on the original proposal where possible, bringing forward recommendations for the most advantageous development option to committee at the earliest opportunity.
- 1.3 Meetings have taken place with the developer of the Chesterton Mill site to explore the possibilities for joint working. Three design options have been considered with their architects:
- Incorporation of the elements required for the CREATE project into a combined site, utilising different spaces in existing buildings.
  - Developing the space requirements in a new building within a combined site
  - Working jointly but on the original schemes in their original situation

In all of the above options, there is the potential for a joint approach to resolving the access requirements to the site.

- 1.4 Meetings have also taken place with the Arts Council of England in order to check what constraints may exist in relation to the awarded grant for the existing project if a joint venture is possible. The key areas that are necessary to ensure that the grant is still possible to draw down are:
- The project must still deliver the outcomes that were intended in any original proposal and must not be lessened or altered to the detriment of the deliverable programme once completed. Any new design will require approval by the capital team as the funding comes from the National Lottery through a competitive process and agreement is needed that proposals are in line with their legal requirements.
  - Any project processes will require the public standards for procurement required by the Arts Council Capital Team to be met. These will be broadly similar to the requirements on a local authority but there may be less room for dispensation.
  - There will be a charge on the elements of any final building for which the grant funding has been used to ensure that it is used for that purpose for a minimum specified length of time.

These requirements were shared with the developer of the Chesterton Mill site.

1.5 An access appraisal was commissioned to report on the expected concerns in relation to highways options for access to the original proposal. This report is attached. A further report will be required should a new joint development be proposed as part of pre-planning process. Officers are considering the identified constraints or potential issues and how these might be mitigated or if they may prevent development at a meeting on 25<sup>th</sup> October.

1.6 Progression of income generation for the original proposal has reached a point where further sources of further funds from corporate and trusts will need assurance in the release of the site for the project. Currently with the commitment in principle from CCC plus the investment from the Arts Council of England, 55% of capital funding is confirmed. In addition Cambridgeshire Music has reserved from trading 80K towards the project.

## **2.0 MAIN ISSUES**

### **2.1 Joint Development**

2.1.1 Following the exploratory work with the developer over the last 2 months, the developer has indicated that he feels it will be difficult to create a financially viable joint development that can meet the requirements of both the project and their own scheme.

### **2.2 Cash Purchase**

2.2.1 The developer has made a cash offer for the site and has been advised that CCC believes the value of the site is significantly higher. A process of negotiation will be required to determine a price that is acceptable to both parties should members wish to pursue a cash sale of the site.

2.2.2 The site will need to be designated as “surplus to requirements” as part of such a process and consideration given through a community impact assessment as to the needs of the many current users of the site and how they may be provided. This obligation might be transferred to the purchaser to form part of their application process for planning consent.

### **2.3 CREATE project**

2.3.1 The CREATE project has reached a point where expenditure will be required to both obtain further financial investment through applications to charitable trusts and corporate support and for the pre-planning process to complete. It has been agreed with the Arts Council of England that the income generation timeline can be extended to December 2018.

2.3.2 Applications to achieve a return of £350K are being made to charitable trusts by the Cambridgeshire Culture Foundation, working in partnership with Cambridgeshire Music. In order for applications to be successful, legal view for the charity is that there will need to be some formal agreement between CCC and the charity over the usage of the site, in a similar way to the Arts Council of England investment.

2.3.3 Should members prefer, it may be possible to flex the income generation model for the project to reduce the £500K investment currently approved for the project. It should be noted that, as required by General Purposes

Committee, there will be no investment from CCC until all the remaining funding is in place for the project in order to minimise financial risk. Clearly as the financial environment for the authority remains challenging it would be an option to consider and the chances of sourcing the income elsewhere will be increased by confirming the release of the site.

- 2.3.4 If members agree to continue with the CREATE project proposal it will be possible to restart discussions with corporate bodies to determine a level of investment that can be secured.
- 2.3.5 Should members choose to negotiate for a cash sale, it will not be possible to draw down the £1 million grant from Arts Council of England, repayment maybe required of funds used to date and there will be an impact of the loss of the current revenue from the site to Cambridgeshire Music budget..

### **3.0 ALIGNMENT WITH CORPORATE PRIORITIES**

#### **3.1 Developing the local economy for the benefit of all**

- 3.1.1 The cash sale will provide a receipt towards other capital investments.
- 3.1.2 The CREATE project will provide a cash surplus from year 5 of a minimum of £80K per year from a site currently providing no surplus plus the social return on investment value of contribution to council outcomes through activities, projects and provision for an expected 20 year period. The current Outcomes Framework Review for Cambridgeshire Music has identified the match between CCC outcomes and its work.

#### **3.2 Helping people live healthy and independent lives**

- 3.2.1 The cash sale will provide a receipt towards other capital investments.
- 3.2.2 The CREATE project will support the development of healthy activities involving creativity and self-expression, confidence and working with others, through physical dance and drama and music activities, working with people with disabilities, disadvantaged communities and the education sector over a 20 year period, attracting financial support for projects targeting particular needs.

#### **3.3 Supporting and protecting vulnerable people**

- 3.3.1 The cash sale will provide a receipt towards other capital investments.
- 3.3.2 The CREATE project will carry out targeted activities through music and drama therapy, with NEET and early years groups, disadvantaged communities and disengaged young people for 20 years, seeking grant support for a range of projects and joint working with other internal council teams.

### **4.0 SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

- 4.1.1 The following bullet points set out details of significant implications identified by officers:

- 4.1.2 The capital costs of the conversion project are £3.6 million of which up to £500K is requested as a non-returnable investment from the County Council after the remainder of funding has been raised from a range of sources. It may be possible to reduce or remove this investment should other fundraising exceed expected targets. A further loan may be requested from the Council which will be repaid through income generated from the site. Alternatively it may be possible to source the loan from alternative providers, reducing the risk further for Council.
- 4.1.3 The fundraising strategy spreads the financial risk across different sources; overachieving in any of these areas will reduce the income generation pressures in other areas:
- Public Income (CCC) £500k – approved in principle
  - Loan Finance: £500k – approved in principle from CCC or potentially an alternative arts development loan provider.
  - Contributions from Cambridgeshire Music year-end Reserves during the build period not used toward activity delivery. £80K – reserve build up approved per year for 5 years.
  - Public Income (ACE) £1 million – awarded June 2017
  - Public Income (Cambridge City Council) £100k – under discussion
  - Corporate Sponsorship: £700k – under discussion
  - Grants and Donations: £350k - under preparation
  - Founder Partners' Investment (from arts organisation stakeholders): £200k – under discussion
  - Individual donations: £200K
- 4.1.5 Cambridgeshire Music currently operates on a zero budget basis as it is predominantly grant funded and has for the last two years provided a small return from trading to the Council. It is developing approved reserves to assist with the transition to operation of this project. It is being reviewed currently under the outcomes focused review process with the transformation team. Consideration needs to be given to any impact on this project should changes to the operation, governance or externalisation be proposed following this process.
- 4.1.6 Other implications have been presented in previous papers or summarised in the background and issues part of the document above.

## **4.2 Statutory, Legal and Risk**

- 4.2.1 The following bullet points set out details of significant implications identified by officers:
- 4.2.2 There is no statutory driver behind this project.
- 4.2.3 A Legal agreement will be needed to manage the asset, in order to secure some external funding, to protect the access rights to the facility and maintenance of access, to change land usage if required and ensure the project is not affected adversely by any future change in school status. The school and Church Schools Trust have already indicated support for this project and the agreements required

- 4.2.4 There is a need to ensure that consideration is given to existing community access and alternatives supported should usage not be possible as a result of the upgrade of the building.
- 4.2.5 Risks to the project are:
- a) Capital build risks – mitigated by design and build process in line with Milestone schemes
  - b) Programme funding and grants – mitigated by cautious business modelling spread across different activity areas. Should there be lower annual grant funding for the service from Arts Council of England, Cambridgeshire Music will alter its delivery of activities and target spare capacity to generate income from lettings and partnership working.
  - c) Gaining planning approval by managing considerations such as highways, site access agreements with the school and parking and in particular any national approvals required for land use to enable access improvements (Sport England and Secretary of State)
  - d) Capital fundraising not reaching expected levels in which case the project will not proceed to build and there will be no investment from CCC
- 4.2.6 Community safety implications rest with the need to ensure no adverse impact on residential surrounding areas with regard to people and vehicle movements. Improvements to the grounds, access, lighting and visibility and security mechanisms will result in a net improvement in safety overall. Proximity of the school site will require safeguarding review.
- 4.2.7 Health and Safety risks are higher with the building in its current state of repair. The project will provide a safer and more appropriate building suitable for all people including those who are disabled. The improvements to the school site that are being discussed as part of the development will increase pedestrian safety and provide more controlled access to the site.
- 4.2.8 The project supports the rights of the child to cultural engagement and education.

### **4.3 Equality and Diversity**

- 4.3.1 The following bullet points set out details of significant implications identified by officers:
- 4.3.2 The project will improve access to the services and cultural resources in the County by developing the digital infrastructure to connect people beyond the City. It has been designed taking into account the Council's responsibilities under the Equality Act 2010.
- 4.3.3 Programmes created in the new facility are provided by a service that operates the same provision for all users and staff, under the equality guidance for the Council. Support is provided to enable access for those who are unable to afford or engage for some reason. The development will increase diversity of the workforce as the diversity of activities are increased requiring specialist skills and cultural knowledge. Targeted activities will also enable a more diverse participatory programme..

### **4.4 Engagement and Communications**

- 4.4.1 The following bullet points set out details of significant implications identified by officers:
- 4.4.3 A Community Impact Assessment will be required as part of the process to reach planning application.
- 4.4.4 A further local community consultation is planned as part of the design stage once decision for joint venture or original plans are agreed.
- 4.4.5 There will need to be a clear communications plan in place to raise the profile of the cross-county digital dissemination part of the CREATE scheme.
- 4.4.6 Other elements have been raised in previous papers.

#### **4.5 Localism and Local Member Involvement**

- 4.5.1 The following bullet points set out details of significant implications identified by officers:
- 4.5.2 The project will create a facility that connects local people in Arbury ward, through a space to meet and exchange ideas, and interests and through this encourage support for each other. For example, targeting programmed activity to support the work of the youth employment team and young people at risk of being Not in Education Employment or Training (NEET) or developing regular creative classes for older people in conjunction with the adult social care team will enable those teams to bring their client groups into contact with a wider group of people from the community. The project will develop a production team that will include local community members to shape the provision of activities for their community and address identified need.

#### **4.6 Public Health**

- 4.6.1 The following bullet points set out details of significant implications identified by officers:
- 4.6.2 Quality of life benefits individual health directly and cultural engagement therefore plays an important part in supporting social, physical and mental activity.
- 4.6.3 By connecting people who cannot travel to locations digitally we can bring them together with positive experiences and connect them with other people that have similar interests or learning requirements, reducing isolation. This can enable better access for older people and those in residential settings and improve the engagement for people with long term activity limiting illness. Or for example young people isolated in small villages will be able to interact with their peers on joint creative projects, building a positive social network.
- 4.6.4 By providing blended learning programmes people can develop themselves and be empowered to make positive choices for their work as well as leisure, benefiting their economic situation and health.

- 4.6.5 Our programmes in arts therapy provide evidenced opportunities to support improvements in mental health (higher prevalence in Cambridge City and Fenland), autism, emotional and behavioural conditions, alongside social development as part of participatory activities generally.
- 4.6.6 The provision of a community based cultural hub will attract a range of local visitors that can be connected to support mechanisms within the community and targeted where necessary supporting the resilience strategy.
- 4.6.7 Targeted projects using cultural engagement as a medium for work with specific groups of people (e.g. young carers, adults with long-term conditions) will help us to provide positive experiences for their wellbeing and ensure connection with relevant support benefiting individuals and their families.
- 4.6.8 Reducing the reliance on transportation to access cultural education will contribute positively to air quality.
- 4.6.9 Improvements in attainment and social development for children and young people through cross-county engagement will benefit their long-term health.
- 4.6.10 Opportunities to encourage physical activity and nutrition through digitally communicated dance, health and well-being programmes will support the agenda for improving healthy behaviours.

Implications	Officer Clearance
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: M Wade (CYP)
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	No Name of Legal Officer: Lynne Owen
<b>Are there any Equality and Diversity implications?</b>	No Name of Officer: Keith Grimwade CFA Service Director
<b>Have any engagement and communication implications been cleared by Communications?</b>	No Name of Officer: Christine Birchall
<b>Are there any Localism and Local Member involvement issues?</b>	No Name of Officer: Keith Grimwade CFA Service Director
<b>Have any Public Health implications been cleared by Public Health</b>	No Name of Officer: Tess Campbell

Source Documents	Location
<i>Access Appraisal</i>	<i>Attached at Appendix 1</i>