



LATE REPORTS, URGENT BUSINESS and SUPPLEMENTARY INFORMATION

Cabinet

Tuesday, 9 November 2010

The following reports to be considered under Agenda item 3 Items of Urgent Business Authorised by the Leader, are enclosed as follows:-

Agenda Item Number	Page	Title	Reason for Urgency Late Report
3	1 - 6	Municipal Building Works Programme	Urgent approval is required for additional funding for works to improve the town halls to allow staff to be accommodated. Decision required before December Cabinet meeting.
	7 - 12	Festivals and Events Programme, 2011	To enable officers to know at an early stage the money available for next year's festivals and events

CABINET

**Municipal Building Works Programme
9 November 2010**

Report of Head of Property Services

PURPOSE OF REPORT			
This report identifies the outcome of the tender process for works to Morecambe Town Hall, requesting additional funding for works that would improve the buildings to allow additional staff to be accommodated with subsequent savings achieved by vacating Palatine Hall.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	November 2010		
This report is public			

RECOMMENDATIONS OF COUNCILLOR LANGHORN

- (1) That approval be given to undertaking the additional works in Morecambe Town Hall at the costs identified in the report, to be financed from this year’s existing capital programme provisions for Municipal Buildings.
- (2) That approval be given to the council letting Palatine Hall to the County Council on terms to be agreed by the Head of Property Services and the Revenue Budget be updated accordingly.
- (3) That subject to (2) above, approval be given to earmark up to £50,000 of the Capital Support Reserve to facilitate the relocation of services, but where possible existing budgets be used to minimise any call on the Reserve, and the actual outcome be reported as part of the current budget process.

1.0 Introduction

1.1 The council’s capital programme includes an estimated £779K for works to Morecambe Town Hall, as part of the much greater Municipal Building Works Programme. This is part of the backlog of works that were identified in condition surveys across the council’s building portfolio. In approving the Council’s capital investments plans, however, it was acknowledged that there were the risks attached to the cost estimates on which the capital programme was based, with the need to increase the budgets over the coming years to reflect expected increases.

- 1.2 Major works were identified for Morecambe Town Hall and Capita Symonds were appointed to prepare appropriate schemes of work and to prepare tenders for that work. Tenders have now been received and are being reported to cabinet for information and approval.
- 1.3 However, within the scheme for Morecambe Town Hall, an opportunity was taken to consider improving the office accommodation so that the council's access to services project could benefit by being able to accommodate more staff in the building. This in turn would release accommodation elsewhere, in particular the opportunity to vacate and release Palatine Hall.

2.0 Proposal Details

- 2.1 The main scheme for Morecambe Town Hall has three main components – a new roof, new windows and rewiring.
- 2.2 In preparing the scheme for these works, it was clear that there would be substantial disruption in the building. The knowledge that there was a future access to services scheme which would alter the layout of the building meant that the design of the electrical works needed to be flexible to allow for future alterations.
- 2.3 In view of the need to consider additional accommodation savings, a decision was made to include within the tender a scheme of works that would allow for the improved accommodation thereby enabling the electrical scheme to be fully implemented.
- 2.4 This scheme allows for the removal of partitions and corridors within the building at both ground and first floor levels that would provide a standard of accommodation similar to that provided in the former engineers' offices some years ago. In addition, if extra staff are to be accommodated in the building, the toilet facilities would need upgrading as they are in extremely poor condition. As a final aspect of the scheme, the dilapidated temporary buildings at the rear of the Town Hall would be demolished.
- 2.5 The additional work has increased the capital cost of the scheme to £1135K (including fees) which is above the current assumed budget of £779K, ie an additional £356K.
- 2.6 In terms of balancing this additional cost, it is proposed that in accordance with the approved principles of the access to services concept, the majority of the council's staff could be accommodated in the two town halls which would enable the council to vacate Palatine Hall. This would provide a full year estimated saving in the region of £95K based on draft 2010/11 revised and future years budgets, although there would be some one-off revenue costs arising in connection with relocating services during 2010/11.
- 2.7 As part of the shared service agenda, discussions are underway with the county council who require additional accommodation in Lancaster and negotiations are underway to lease the accommodation to them. At the time of writing this report detailed terms have not yet been agreed but are expected to be agreed very shortly. This would result in a substantial additional income for the council on top of the operational savings,. The

additional cost of the works at Morecambe Town Hall is in effect an “invest to save” scheme.

- 2.8 One issue associated with the tender process is that if the additional works are not undertaken, it will be necessary to negotiate the reduction in cost with not just the winning contractor but all those who were invited to tender, under guidance from the Procurement Manager. This will probably not result in the figure being reduced to £779K given that the non roof elements of the budget are based on the original condition survey figures. It will also depend on the structure of pricing of the overall scheme (eg the value of fixed overheads that will not reduce by removing the non emergency re-modelling works). The results of this exercise would need to be reported back in due course and could result in having to re-tender the emergency works only.

3.0 Details of Consultation

- 3.1 There has been no specific consultation on this scheme as it is in line with the council’s agreed access to services proposals to accommodate most staff in the two town halls.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: To undertake additional works in Morecambe Town Hall and agree to the letting of Palatine Hall	Option 2: Not to undertake the additional works to Morecambe Town Hall, and retain Palatine Hall as a municipal building
Advantages	<p>This enables the council to release premises and therefore reduce its operational costs.</p> <p>It enables the council to achieve the outcome of its access to service policy.</p> <p>Staff in the newly formed services can work together to achieve greater efficiencies.</p>	<p>The cost of the scheme would be reduced</p>
Disadvantages	<p>Some staff currently based in Lancaster may perceive that working from Morecambe may be more inefficient.</p> <p>Additional capital funding for the works is required, at an earlier date than anticipated.</p> <p>Early vacation of Palatine Hall would create some additional service upheaval and disruption in the interim.</p>	<p>Savings from reducing the number of operational properties would be lost.</p> <p>The opportunity to complete the access to services policy would be delayed.</p> <p>The scheme may need to be retendered to exclude the additional works.</p>

<p>Risks</p>	<p>Some risks to service operations during the accommodation changes.</p>	<p>The cost of undertaking the additional works at a later date would rise if undertaken as a separate scheme in future.</p> <p>The opportunity to achieve an immediate income from letting Palatine Hall would be lost.</p> <p>The scheme would probably need to be re-tendered and this may still result in the cost being above budget.</p>
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5.0 Officer Preferred Option (and comments)

5.1 Option 1 is the preferred option as this enables the council to come closer to achieving the council's approved policy in terms of access to services, whilst enabling longer term savings to be achieved.

RELATIONSHIP TO POLICY FRAMEWORK

The municipal building works have been identified as a key action within the corporate plan objective of tackling the challenges of climate change. The investment needs are reflected in the capital related provisions of the Council's Medium Term Financial Strategy (MTFS), which also makes provision for taking forward invest to save schemes.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

As part of the works the building will receive a new roof, new windows and full rewiring. This will all be undertaken to modern standards to ensure that there are improvements in terms of energy efficiency.

LEGAL IMPLICATIONS

There are no legal implications arising from this report at this stage. Legal Services will be instructed to deal with the proposed lease of Palatine Hall if and when terms are agreed .

FINANCIAL IMPLICATIONS

The costs of operating Palatine Hall are identified in the draft 2010/11 and future years budgets as £95K. Such costs could be saved on an ongoing basis if all staff were moved out of the building and relocated into LTH and MTH. At this stage it is expected that typical costs such as rates, gas, electricity, water, etc will be fully recharged to County. It should be noted however, that the £95K also includes an R&M allocation of £20K, which although monitored centrally represents a typical annual figure for this building. Final lease terms have not yet been finalised but it is anticipated that the lease will be on a full repairing basis, meaning that the R&M element could potentially be included within the overall saving referred to above, subject to whether it remains in the central R&M budget to re-allocate to other buildings operated by the city council. In addition the council would receive either

rental income or a capital receipt depending on how the future of the building is to be determined. If the building was to be rented out, income of circa £70K per year could be possible based on current market conditions. If the building was not let or sold, there would be minimal costs in retaining the building – odd maintenance items and a minimal cost for keeping alarms operational as an example. However, such a position is considered unlikely to be reached, as letting or sale would be achievable.

One-off revenue costs associated with moving services would also be incurred in this year, assuming that Palatine Hall is let to the County Council. Until the new location of services is known, these costs cannot be readily quantified though it is hoped that a fair proportion of costs can be met from any available individual service budgets. In the event that this cannot be clarified in the potentially very short timescales available, authority is sought to earmark up to £50K from the Council's Capital Support Reserve; its unallocated balance currently stands at around £350K and whilst its use has been provisionally linked with Luneside, there are no definite plans for its use. Furthermore, given recent monitoring information, it is anticipated that any moves should be able to be met from underspendings in other areas and therefore any call on the Capital Support Reserve should be considered as a fall back. The actual outcome would be covered in future budget reports.

Regarding the Capital Programme, the 2010/11 Municipal Building Works budget is £3,141K. Of this, £2,138K is planned to be spent in year including the full proposed £1,135K for MTH; the annual budget would accommodate the extra works and there will still be slippage of £1M. However, as the tender value is greater than the estimated amounts originally earmarked for Morecambe Town Hall, the underlying impact is that this would use up £356K of budget originally earmarked for other works. On the other hand, as the original condition survey is now quite out of date, it is arguable as to the significance of the original budgets, particularly when weighed against opportunities to combine emergency works with strategic projects on the same property, rather than doing them on a piecemeal basis.

In effect, the existing in-year capital budget for Municipal Building Works could be used to support the full proposals for Morecambe Town Hall. As has already been acknowledged, there is already pressure to increase future years' capital programme provisions. Whilst these proposals add to that pressure, they also create an opportunity to achieve significant ongoing savings that would easily meet the 5 year pay-back period referred to in the MTFS, i.e. ranging anywhere between 2 and 3.5 years, subject to the final lease period negotiated with County and associated income, final staff relocation costs and decisions concerning the £20K R&M budget, etc. It should be further noted however, that should a far lower rental income figure be realised and the R&M budget not be taken as a saving, then the payback period would be nearer 5 years instead. In addition, for any period where the building is empty, the Council becomes liable for 100% of the rates c£31K per annum on a pro-rata basis following an initial 3 month exempt void period.

In relation to IFRS, there may be further implications in terms of accounting for the lease which may mean that Palatine Hall is removed from the council's balance sheet and that rental income is treated as capital receipts. However, the full details of the lease will be required before this judgement can be made.

OTHER RESOURCE IMPLICATIONS

Human Resources:

There are no direct HR implications although many staff will be affected by moving from one place of work to another.

Information Services:

There will be a need for additional IS connections with the two Town Halls and the contracts

allow for provisional sums where new offices are created. Additional connection points may be required in areas where there will be additional staff in existing offices and IS are working with Property Services to identify where this will be required and the budget implications of this.

Property:

This report includes all the property implications and the Head of Property Services has no further comments to add.

Open Spaces:

There are no open space implications arising from this report.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and her comments reflected in the report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Previous public cabinet reports and minutes relating to the access to services review

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CABINET

Medium Term Resources Strategy Festivals and Events Programme, 2011

Report of Head of Community Engagement

PURPOSE OF REPORT			
To inform Cabinet of the outcome of the review of 2010 festivals and to bring forward proposals for the 2011 Festivals and Events programme within the framework of the medium term financial strategy and Corporate Plan objectives.			
Key Decision	X	Non-Key Decision	
			Referral from Cabinet Member
Date Included in Forward Plan		August 2010	
This report is public			

RECOMMENDATIONS OF HEAD OF COMMUNITY ENGAGEMENT

- (1) That Cabinet notes the review of 2010 festivals and events
- (2) That Cabinet review the current plans for the 2011 programme of events and considers whether to commit funding now to allow progress towards festivals and events for 2011.
- (3) In considering funding and to allow for flexibility the budget for festivals and events the 2011 budgets be a general budget and not tied to specific core events
- (4) Should recommendations 2 and 3 be supported, the revenue budget and budget projection be updated.

1.0 Introduction

- 1.1 In 2004 it was agreed that the programme for events would be reviewed each year, in the autumn, to enable officers to plan for the subsequent years and that this review and plan should be approved by Cabinet.

This report therefore updates Cabinet on 2010 festivals and events and the council's approach to festivals and events generally. It also sets out plans for 2011.beyond..

2.0 Proposal details

2.1 The council has a tradition of supporting festivals and events which directly support two council priorities:

- Economic regeneration supporting our local economy - *Heritage and Cultural Tourism for the district*

- Partnership working and community leadership

2.2 Festivals and events have a direct impact, attracting more visitors to a destination, raising the profile of a place, creating a sense of wellbeing, providing a platform to raise awareness and communicate positive messages, and can help attract residents and investment.

2.3 This year's festivals and events net budget is £43,500 (excluding marketing) and has supported the following events:

- Sandcastle
- Oh I Do Like to be Beside the Seaside
- Fireworks Spectacular
- Summer Series of Bands in the Park (Happy Mount Park)

Within the total festivals and events budget available an allocation of £2,000 is also provided to More Music for the Kite Festival.

2.4 Following restructuring the core festivals and events delivery staff has reduced from three to one officer.

Resources to support and deliver events are still very much required but following restructuring a new approach has resulted in stronger inter-service working across Communications and Well Being. This new way of working has not only supported but enhanced the delivery of core events. This includes marketing, communications, engagement, VICs, leisure development, play rangers, sports centre and active health all working closely together. It has resulted in more effective and efficient working practice integral to the core work of the Council...

2.5 Officers have also examined best practice and opportunities to contribute towards the effective and efficient delivery of events and festivals throughout the district for future years. This includes exploring alternative methods of delivery/organisation of events, sponsorship and ensuring effective involvement of a variety of partners and where possible the development of partnerships.

2.6 This new approach is proving extremely effective. Analysis of people attending the Sandcastle event showed a high percentage of visitors from outside the district (66%), many first time visitors which were there specifically for the event. A snapshot survey on the day revealed the majority of traders reporting increased trade and acknowledgement of the increased profile for the business and the resort.

2.7 47% of festival goers surveyed said they were motivated to come to Morecambe by the event itself. The economic impact of this relatively small scale and low budget event has been analysed by the Blackpool and Lancashire Tourist Board and they estimate this to be in excess of £200,000.

2.8 In addition, in terms of destination profile raising, the event attracted enormous

amounts of publicity including significant coverage in a national newspaper with a readership of 1.9 million. The total equivalent advertising value for event (based solely on the Lancaster Guardian, The Visitor, Blackpool Gazette and Lancaster and Morecambe Reporter) was £9,682.

- 2.9 The impact of September's Seaside Festival is still being analysed in detail. However, snapshot surveys with business and visitors, together with feedback provided since, reveal this was a popular event with visitors and local people and was valued by many local businesses. The manager of the Midland Hotel wrote to the council to say the increase in revenue experienced over the weekend was 'significant', adding that he believed the positive publicity gained as a result would have long term benefits and assist regeneration.
- 2.11 The Council is developing new relationships with a range of local public, private and charitable status bodies in order to enhance partnership working and this is assisting in the delivery of an even greater range of festivals and events and cross marketing but at no extra cost to the authority.
- 2.12 There is a separate festivals and events marketing budget, as part of the overall marketing budget. Members will be aware of a required savings target of £61,000 against this budget in this financial year. More effective use of marketing channels have reduced marketing spend compared to previous years and marketing spend on festivals and events will reduce by £3,000 contributing 5% to the overall savings target.
- 2.13 By necessity the process to ensure the effective planning and marketing of festivals and events in future years has already begun. Marketing materials for the visitor market are already being developed. Approaching potential sponsors to generate income towards 2011 events also needs to be undertaken as soon as practically possible .

Partners such as Morecambe Town Council, More Music in Morecambe, the Lancaster Retail Sector and Bay Tourism Association are already planning for 2011 and beyond and are seeking information about council events and approaches. It is acknowledged however that beyond 2011 will be subject to a review of priorities.

- 2.14 Having reviewed this year's events, and held discussions with partners, the festivals and events plan for 2011 is set out below:

City council core events:

July - Sandcastle Festival

September – Seaside Festival

November – Fireworks Spectacular

Summer – Bands in Happy Mount Park

Within and around these events there will be some changes and adjustments to reflect the feedback and findings and maximise the potential of each.

City council funded events:

Kite Festival

Partnership working

Morecambe Town Council

Morecambe Town Council has approached, Lancaster City Council with a proposal that the two organisations consider a partnership approach to facilitate a large scale event for the town.

Positive discussions between officers and the town clerk have been held and it was agreed the two organisations would continue to develop plans for a joint event, subject to city council funding for festivals and events 2011/12 and within existing council resources. At this stage discussions centre on enhancing and expanding an existing event that will incorporate old favourites as well as new features.

.Other partners

The city council has also supported a variety of other partnership events including those organised by Lancaster City Centre Retail Sector, Lancaster Unlocked and Lancaster Music Festival. This support is 'in kind', such as advice on event management issues and marketing.

- 2.15 One of the lessons learnt so far is that within the overall festivals and events budget there should be some flexibility to reflect the feedback from 2010 events which will help support the objectives of festivals and events for the city council. It is being recommended that the budgets for festivals and events are not specifically allocated to each core event but that a general fund is established to allow for that flexibility.

3.0 Details of Consultation

- 3.1 Surveys with businesses, festival-goers, feedback generally and liaison with partners.

4.0 Options and Options Analysis (including risk assessment)

Option 1: To commit funding now to allow progress towards festivals and events for 2011 - 2012.	Option 2: To delay any decision until budget council in March 2011.	Option 3; To reduce funding in light of the current budgetary position facing the Council.
Advantages		
Enables council to work with partners to develop a co-ordinated plan towards event delivery for 2011, take advantage of major regional, national and international events and explore sponsorship opportunities	Council is able to make decision as part of wider budget setting context	Makes a contribution towards the savings targets required by Council following on from the recent Comprehensive Spending Review

<p>Opportunity to develop a joined up marketing plan for visitors and local people (reducing the plethora of separate marketing approaches and ensuring no event clashes)</p>		
<p>Disadvantages</p>		
<p>Decision taken ahead of wider budget setting context</p>	<p>Prevents the council working with partners to develop a co-ordinated plan towards event delivery for 2011 and risks an uncoordinated and less effective series of events.</p>	<p>Uncertainty amongst businesses and the media, leading to potential damaging publicity not just locally but further afield</p>
	<p>Less likely to achieve sponsorship and therefore income towards 2011 events</p>	
	<p>Uncertainty amongst businesses and the media, leading to potential damaging publicity not just locally but further afield</p>	

5.0 Officer Preferred Option (and comments)

5.1 There is no preferred option

6.0 Conclusion

6.1 Cabinet needs to take a decision with regard to the Council's future commitments to festivals and events for 2011.

RELATIONSHIP TO POLICY FRAMEWORK

- Corporate Plan priorities Economic regeneration supporting our local economy - *Heritage and Cultural Tourism for the district*
- Partnership working and community leadership

**CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None- all events run directly by or supported by the Council will be in accordance with its policies in respect of Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing

LEGAL IMPLICATIONS

There are no legal implications arising out of this report

FINANCIAL IMPLICATIONS

The existing festival and events budgets form part of the Council's existing budget projections, reflected within the current .Medium Term Financial Strategy and therefore confirmation of these budgets does not have any additional spending implications, other than it would require budget savings to be made from other areas.

OTHER RESOURCE IMPLICATIONS**Human Resources:**

Festivals and Events team formed part of the most recent service restructurings. Increasing partnership and cross service working is providing improved levels of service with less dedicated resources

Information Services:

None

Property:

None

Open Spaces:

The districts parks, open spaces and beaches form the backdrop to these festivals and events

SECTION 151 OFFICER'S COMMENTS

Operationally, it makes sense to make early decisions regarding any festivals and events and as the proposals are within the existing budget and policy framework, it is within Cabinet's remit to authorise progress.

That said, Cabinet is advised to consider carefully whether, in context of the Medium Term Financial Strategy update elsewhere on the agenda, now is the right time to guarantee the affordability of the existing festivals and events programme. In general terms and in current circumstances, the s151 Officer would advise Members to defer any decision to enter into new spending commitments and it is understood that operationally, some more time for decision-making is available. If it is considered that this should be an area for making savings, however, then an early decision is advisable.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None

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