

From: Barbara Cooper, Corporate Director Growth Environment & Transport

To: Mike Hill, Cabinet Member for Community Services

Subject: Decision No: 15/00056 -Tunbridge Wells Cultural and Learning Hub

Key decision: Expenditure over £1m

Classification: Unrestricted

Past Pathway of Paper: N / A

Future Pathway of Paper: Policy and Resources Cabinet Committee (Property)

Electoral Division: Tunbridge Wells South

Summary: Kent County Council in partnership with Tunbridge Wells Borough Council is working to deliver a Cultural and Learning Hub in the heart of Tunbridge Wells on the current library and adult education site. This report seeks approval to enter into a Memorandum of Understanding subject to securing Heritage Lottery Funding.

Recommendations:

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Community Services on the decision:

- a) To enter into legal agreements including, but not limited to, a Memorandum of Understanding with Tunbridge Wells Borough Council. The Memorandum of Understanding sets out the intention with which KCC will progress the project;
- b) To support the delivery of the Cultural Hub by agreeing to temporarily relocate the library and adult education service during the period of the works, and incorporating them within the new Cultural Hub facility when the works are complete;
- c) That KCC shall act as accountable body for the project subject to KCC's VAT partial liability exemption position not being breached.

1. Introduction

- 1.1 KCC and Tunbridge Wells Borough Council (TWBC) are working in partnership to deliver a Cultural and Learning Hub in the centre of Tunbridge Wells. This will bring together the library, adult education centre, Gateway, museum, information point and theatre box office into a single facility.
- 1.2 At present, the library, museum, art gallery and adult education service are delivered from two listed buildings, co-located on a single site. The site is

owned by KCC and is partially leased (for the museum and art gallery) to the Borough Council. Despite co-location, each service currently operates separately, while the physical limitations of the buildings (including their dilapidated state) prevents the public accessing the full extent of their potential offer.

- 1.3 In 2013, KCC and TWBC jointly commissioned a report to examine options for a Learning and Cultural Hub project. This confirmed the suitability of the site as a location for service development and indicated the potential for external funding alongside local authority investment.
- 1.4 Following this analysis, proposals have been developed to refurbish the two existing buildings, linking them with a new build element. As well as improving the efficiency of service delivery, the new Cultural and Learning Hub is intended to provide a central focus for culture and learning in Tunbridge Wells, contributing to the vitality of the town and its visitor offer.
- 1.5 Build costs have been independently estimated at £11.2 million. This would enable the refurbishment of the two listed buildings, along with 540 sq m of new build.

2 Delivering the project: The Memorandum of Understanding

2. 1. As a shared priority, KCC and TWBC have each so far contributed £55,000 in revenue funding to progress early development external funding opportunities. To ensure clarity of governance and project management and to secure external funding, a draft Memorandum of Understanding (MoU) has been prepared between the two authorities, attached as Annex 1.
2. 2. The draft Memorandum of Understanding has been developed with legal advice and in close collaboration with the Director of Infrastructure. It sets out:

Project governance arrangements

2. 3. The MoU proposes that a Project Board should be established to provide overall strategic oversight and direction to the project. The MoU proposes that the Project Board should consist of the Cabinet Member for Community Services, a KCC Member of the Tunbridge Wells Local Area Board, the Corporate Director for Growth, Environment and Transport and the Director of Infrastructure, in addition to representatives from Tunbridge Wells Borough Council.
2. 4. It is envisaged that a Project Group will be established, reporting to the Board, to provide strategic project management.

Capital funding

2. 5. The MoU proposes that:
 - Tunbridge Wells Borough Council will invest £4 million in the project, subject to TWBC's approval processes;

- KCC will make a maximum contribution of £2 million. This will be secured from part of the proceeds of the sale of the site to TWBC, and partly from developer contributions.
- KCC and TWBC will work together to secure the balance of funding, which may be secured from:
 - Heritage Lottery Fund (£3.9 million).
 - Arts Council England (£750,000)
 - Other fundraising (£550,000)

2. 6. The MoU states that Tunbridge Wells Borough Council will be wholly accountable for any capital shortfall.

Revenue funding

2. 7. It is proposed within the MoU that once complete, the library will benefit from a long-term peppercorn lease, while Community Learning and Skills will pay a commercial lease to TWBC.

2. 8. The MoU proposes that KCC will provide an annual grant of £482,000 per year for the first five years of the Hub's operation, with TWBC covering all income risk to the facility for future years.

2. 9. It is also proposed that consideration should be given to transferring the Hub to an independent charitable trust. This could potentially provide the Hub with greater freedoms to secure grants and maximise income.

3 Securing external funding

3.1 In April, a 'stage one' application was made to the Heritage Lottery Fund for £3.9 million. The outcome of this will be known in July; if successful, this will enable work to begin on the second stage of the application process.

3.2 Discussions have also taken place with the Arts Council, and an application for capital funding may be submitted in the autumn

4 Accountable body

4.1 While TWBC will carry all expenditure risks, it is anticipated that KCC will act as the accountable body for the project to mitigate VAT costs. Officers are working closely with Finance to ensure that any risks to KCC from breaching its VAT partial liability exemption position are being monitored. Any final decision on this would be taken by the section 151 officer prior to signing of any contract.

4.2 Alternatively, TWBC could act as the accountable body for the project, until a trust is set up or selected and the facility transferred to it upon completion

5 Options analysis

5.1 In addition to the preferred option set out in Section 1 and on which the MoU is based, three alternative options were also considered:

- 5.2 Option 1: Do nothing – the current facilities are dilapidated and KCC would need to find the funds to undertake the necessary works. In order to make revenue savings, services would potentially need to consider what elements were discontinued or look at re-locating. Tunbridge Wells would get no enhanced cultural offer and no funding would be levered in to the county.
- 5.3 Option 2: KCC retain the freehold – KCC would need to find c£4M to invest in the scheme. It is less likely that TWBC would co-invest and or take as large an area within the revitalised facility. This would leave KCC with potentially higher revenue costs and KCC would carry the full risk of the project.
- 5.4 Option 3: Dispose of facilities – KCC could dispose of the facilities on the open market and look to purchase other alternative facilities. The cost of this option is likely to be prohibitive and would be subject to finding suitable alternative locations. Services would be less likely to deliver savings through integration and Tunbridge Wells would get no enhanced cultural offer. Once again funding would be unlikely to be levered in to the county from external grants

6 Relevance to KCC's policy framework

- 6.1 KCC's Strategic Statement, *Increasing Opportunities, Improving Outcomes*, sets out the Council's goal of ensuring that every pound spent delivers better outcomes for residents and businesses. The Strategic Statement includes the aim that Kent residents should enjoy a good quality of life, with more people benefiting from greater social, cultural and sporting opportunities. The Cultural and Learning Hub project contributes directly to this goal, by making cultural facilities more accessible and sustainable.
- 6.2 Through its contribution to the vitality of Tunbridge Wells town centre and to the visitor economy, the project will also have a wider economic benefit. This is directly referenced in the South East Strategic Economic Plan and is reflected in the economic objectives of the Strategic Statement

7. Other implications

- 7.1. Legal advice has been secured on the Memorandum of Understanding and no major issues have been identified.
- 7.2. Equalities: A full equalities impact assessment has been completed. This has raised no areas of concern.
- 7.3. Health: There are no negative Public Health implications with regard to this project, although improved access to cultural services is likely to have positive indirect effects
- 7.4. Further decisions: While the Memorandum of Understanding has been drafted in close collaboration with the Director of Infrastructure, decisions regarding the Corporate Property Portfolio will be taken separately by the Cabinet Member for Corporate and Democratic Services.

8. Conclusions

- 8.1. The opportunity has arisen for KCC and Tunbridge Wells Borough Council to enter into a Memorandum of Understanding in order to progress the Tunbridge Wells Cultural and Learning Hub.
- 8.2. This will offer a step forward in making this long term aspiration a reality and ensure that the partners will benefit from modern, fit for purpose community facilities that will benefit residents and visitors and contribute to the vitality and cultural offer of Tunbridge Wells.

9. Recommendations:

Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Community Services on the decision:

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- b) To support the delivery of the Cultural Hub by agreeing to temporarily relocate the library and adult education service during the period of the works, and incorporating them within the new Cultural Hub facility when the works are complete;
- c) That KCC shall act as accountable body for the project subject to KCC's VAT partial liability exemption position not being breached.

10. Background Documents

- 10.1 Memorandum of Understanding attached as Annex 1

11. Contact details

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