

Agenda Item: 1

Report to: Overview and Scrutiny Committee for Resources

Date: 23rd January 2007

Report from: Borough Solicitor

Title of report: **CALL-IN: ST. MARY-IN-THE-CASTLE**

Purpose of report: This item has been called-in from the Cabinet meeting of 8 January 2007.

The reasons given for the call-in are:

- Prior to the decision to lease St Mary-in-the-Castle to Sonrise Church, there had not been an open and transparent process requesting expressions of interest by commercial or voluntary groups. An open and transparent process had taken place in 2001 involving the White Rock and St Mary-in-the-Castle in 2004.
- The decision taken by Cabinet on 8 January 2007 was made despite doubts on the viability of Sonrise Church as a commercial enterprise and the fact that no business plan was requested or provided.
- The Cabinet decision seems contrary to the 2002 Hastings and St Leonards Cultural Strategy. In particular, the decision appears contradictory to the aim of growing the cultural economy of Hastings and St Leonards.

Recommendations: That the Overview & Scrutiny Committee review the decision taken and decide whether to:

- Proceed with the original decision
- Refer the decision back to Cabinet for reconsideration
- Refer the matter to full Council

It is not possible to publish the appendices to this report on the Internet due to the images they contain. If you require a copy please contact Katrina Strong on 01424 451747 or email kstrong@hastings.gov.uk

The Executive Director Leisure and Cultural Development submitted a report setting out proposals to lease St Mary-in-the-Castle and No. 7 Pelham Crescent. The proposed lessee was the Christian Out Reach Centre, Hastings (Sonrise Church). The premises would be used as a place of worship and a Community resource, including use of the building for cultural events and activities.

The details of the Heads of Terms were set out in a report in Part II of the agenda.

A petition, supported by 15 signatures, had been received after the publication of the report, in the following terms: -

“We the undersigned object to the proposal to lease St Mary-in-the-Castle to an evangelical church thus depriving Hastings of a much needed and valuable community resource with open access to all user groups.”

Copies of the petition were circulated prior to the start of the meeting. Mr. M Fairclough, appointed spokesperson for the petitioners, addressed Cabinet in support of the petition.

Councillor Scott and Councillor Smith Spokespersons for the Labour and Liberal Democrat Groups addressed Cabinet.

RESOLVED (unanimously) – that: -

- (1) the Christian Outreach Centre (Sonrise Church) is granted a lease of five years commencing on the 1st April 2007, or as soon as possible thereafter, on the terms set out in the Part II report subject to obtaining the approval of the Church Commissioners as to variation of the existing use;**
- (2) the Chief Executive, or his nominee, is authorised to complete a Lease; and**
- (3) assistance is provided to South Coast Artists (SOCO) to facilitate the relocation of the current Gallery.**

1.0 Introduction

- 1.1 A report on the consultants work in analysing potential models of operation for St Mary-in-the-Castle, carried out by Brian Harris Arts was submitted to Cabinet in January 2005, the Cabinet resolve is shown in Appendix 1.
- 1.2 A short summary of the options is shown in Appendix 2.
- 1.3 In response to the Cabinet resolve the following has taken place:
 - § The Council currently manages St Mary-in-the-Castle (SMIC) providing restricted use of the auditorium by regular hirers for approximately 30 bookings a year.
 - § The ground floor entrance and crypt area is operated as a Gallery space by the South Coast Artists Group (SOCO) who, following the initial support and investment by the Council including capacity development work, now run a successful programme of exhibitions which showcase local and regional artists. The Gallery is open Thursday to Sunday each week.
 - § No. 7 Pelham Crescent adjoins SMIC and is used as office space for the Council's arts development staff (who provide an 'information and advice point' for arts) and 36Hrs (the company who run the Coastal Currents Festival), and meeting space/changing room for hirers.
 - § A small trial of free historical tours of the building was undertaken last year with modest interest from the public.
 - § The Council has actively maintained the building since the Friends of St. Mary-in-the-Castle surrendered the lease in October 2003.
 - § The timetable for the wider plans for the Pelham Area, including the Foster & Partners Pelham Place proposal, has been reviewed by Sea Space, who is monitoring the local economic conditions – factors such as jobs, commercial rents and business growth - to help decide when to start development.
 - § In the meantime the Hastings and Bexhill Task Force has asked Sea Space and the Council to look at ways to improve the Pelham area. Progress on this is addressed in the Seafront Strategy report in your Cabinet agenda papers.

2.0 Commercial Uses

- 2.1 In 2004 the Council invited expressions of interest from potential operators as part of the options appraisal work. A number of expressions were received, but following further evaluation did not produce a viable option.

- 2.2 An assessment of possible viable commercial opportunities for SMIC and No. 7, Pelham Crescent was recently commissioned from commercial property specialists. Their key findings were:
- § The viability of purchasing additional units in Pelham Arcade to provide additional space was viewed as not being viable as from a retail point of view it was considered a poor location where pedestrian flows are weak for large parts of the year.
 - § 7 Pelham Crescent as a separate unit was considered a poor prospect for commercial use (primarily office space), but could be converted to residential use.
 - § SMIC was considered as having potential although the buildings listing (Grade 2*) prohibited a viable use of the balcony space as anything other than seating. Possible interest could be in a themed live entertainment venue (comedy club with restaurant and bar); themed restaurant; or snooker club operator.
 - § The majority of these uses would require a very substantial level of investment between £500,000 to £1 million, excluding the necessary works to eradicate the water ingress. Consequently it was considered there were relatively few operators in the market capable of undertaking this level of investment.

3.0 Current Proposal

- 3.1 Officers recently received a proposal from the trustees of Christian Outreach Centre Hastings for the future development of SMIC as a Place of Worship and as a vibrant community resource. This is summarised in two parts:

"OUR AIMS FOR ST MARY IN THE CASTLE

- 1/ To provide a place of worship on Sundays for Sonrise Church.*
- 2/ As an arts centre to provide a facility for entertainment and events to enhance the lives of the people in Hastings and St Leonard's and the surrounding area's.*
- 3/ To strengthening community interaction and vitality in and through the arts.*
- 4/ To protect and enhance this historic grade 2 listed building and its facilities as a central gathering place for the arts in the local community.*
- 5/ To raise finance through whatever means possible and allowed through the lease to continually improve the building and decoration and services provided.*
- 6/ As a registered charity to encourage other charities and organisations to use the building as resource to work with and to help the local community and in doing so fulfil point 11 of our constitution which is:*

THE RELIEF OF PERSONS WHO ARE IN CONDITIONS OF NEED, HARDSHIP OR DISTRESS OR AGED OR SICK."

PROPOSAL DETAIL

- "1. To restore the building to its original purpose as a Place of Worship on Sundays.
2. To develop the ground floor frontage into a place of excellence as a coffee bar attracting both visitors to the town as well as local people. The aim of this would also be to make it a profitable ongoing concern.
3. To make the building available for hire by local groups within the community as well as drawing interest from groups outside of Hastings.
4. To market the venue as a Conference Centre of high quality for businesses and organizations to hire.
5. To make the building available for use by Schools, the University and Local Charities at a preferential rate.
6. To extend the use of the building for hire by individuals for such uses as: Weddings, Memorials, Celebrations, Training Meetings, Multi-Media, Filming (We can provide support in this area due to our knowledge and experience in producing a weekly broadcast that is aired on Sky TV) and other uses.
7. We foresee St. Mary-in-the-Castle being a 7 day week venture bringing life and interest into the town centre."

3.2 The Centre currently operates a Church in Hanover House, St. Leonards-on-Sea and is now seeking new premises due to an increasing congregation and capacity constraints within their existing premises.

3.3 The Church is a registered charity (No. 1091694) and part of a large group of churches within the UK. The Church provides a range of outreach work in the community and runs a social activities programme for children and young people and a crèche. The Church has commented "*As a Church we have an open door policy in who can attend our Church services. We welcome all nationalities, minority groups and ages. This is reflected already in our growing congregation.*" The Church's main objective is "the advancement of the Christian Faith and the worship of God by upholding righteous values and beliefs is the Trust's Conviction that a positive and very health impact into the community can be achieved for the good of all."

4.0 Summary Heads of Terms

4.1 The Part II report sets out the details of the Heads of Terms.

4.2 In summary the proposed excluded lease for St. Mary-in-the-Castle (including the Pelham Arcade Shop entrance) and No. 7 Pelham Crescent, will be for 5 years with a break clause at 18 months at an agreed rent.

4.3 The Church will be responsible for repairs and decorations to an agreed schedule excluding the damp penetration and the Council will make an annual contribution of £10,000 towards maintenance costs and undertake a six monthly inspection of progress.

- 4.4 There will be a requirement for public access to the building for a minimum of 100 days a year.
- 4.5 The Church wishes to commence use of SMIC from 1st April 2007 subject to contract. There is a risk that the Church might be unable to meet the maintenance costs and general obligations under the terms of lease. This would result in the potential termination of the agreement.
- 4.6 There are covenants in favour of the Church Commissioners on the building. These were varied only 10 years ago by a Variation between the Council and the Commissioners. It will be necessary to obtain the Church Commissioners' formal approval and written consent to the proposal before committing the Council to the proposed Lease. Although these do not mirror the restrictions contained in the Council's title officers are hopeful that approval would be granted as the proposed uses follow the previous use. Although the restriction on use as a multi purpose cultural centre will need varying to allow the premises to revert to the use in part as a church.
- 4.7 The lease will also set out user clauses.
- 4.8 Officers support the outlined proposals as they are complementary to the outcome of the options appraisal work in 2004/05.

5.0 Policy and Operational Implications

- 5.1 The proposal to expand community access and hire of the building for events and arts/cultural activities addresses current concerns raised by local cultural organisations and users about restricted use of the auditorium.

Other options for uses of the building have been extensively explored but they do not generate the same significant best value provided by the current proposal.

- 5.2 The proposal will also complement the Council's existing policy of subsidy of the Sussex Hall at the White Rock Theatre, which provides free use of the Hall to bona fide local community groups.
- 5.3 The Church does not wish to continue with the SOCO Gallery arrangement. Therefore notice will be served on SOCO and in acknowledgement of the short-term issues for the Gallery, officers will work with the SOCO organisers to help facilitate a move to alternative premises including a financial contribution to address one-off costs up to a maximum of £5,000.
- 5.4 No. 7 Pelham Crescent will be vacated. The Arts Development Officer will return to the Directorate offices at Aquila House and licences for office hire terminated. There are staffing implications arising from the change of occupation of St. Mary's. Staff have been consulted on the proposals and the Council's Personnel Department will pursue redeployment opportunities in accordance with our employment policies.

5.5 The current annual revenue cost (including support costs) for SMIC is £138,850. Allowing for one-off costs of £14,700 to facilitate the transfer, based on a transfer date of 1st April 2007, the proposals will provide a first year (2007/08) saving of £51,320 increasing to £66,000 in a full year. The Repairs and Renewal Reserve will show a saving of £35,000 a year.

Equalities & Community Cohesiveness	<input type="checkbox"/>
Crime and Fear of Crime (Section 17)	<input type="checkbox"/>
Risk Management	<input type="checkbox"/>
Environmental issues	<input type="checkbox"/>
Economic / Financial implications	<input type="checkbox"/>
Human Rights Act	<input type="checkbox"/>
Organisational Consequences	<input type="checkbox"/>

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CABINET 5TH JANUARY 2005 - Minute 78 (resolve)

"RESOLVED - that: -

- (1) The report by Brian Harris Arts is noted;
- (2) Ian Ross and those involved in developing future models are thanked for their contributions;
- (3) No further work is undertaken to develop option one (St Mary-in-the-Castle as a Local Arts and Community Centre);
- (4) The building will cease to operate as a hall for hire effective from the 6th January 2005 but existing confirmed bookings will be honoured up to the 31st March 2005. Officers are instructed to make arrangements to allow for the continued use of the auditorium by regular hirers for about 20 occasions per year commencing 1st April 2005 and to provide information on the additional financial implications to inform the Council's budget-setting process;
- (5) The Council continues to work closely with its partners and Sea Space towards achieving a cohesive and integrated plan for the Pelham area, which includes St Mary in the Castle, the Crescent, Arcade and the proposed Pelham Square development. Further work on developing option two (St. Mary-in-the-Castle as a Conference Centre with Arts and Community Uses) or variations of this option will be subject to progress on the wider plan for the Pelham Area;
- (6) No further work is undertaken on options A, B, C, G, & H as set out in the Brian Harris report;
- (7) Option D (Historic and Architectural Attraction) is supported in principle. Further work is required to clarify the detailed costs involved. Any resulting additional costs to be considered as a growth item as part of the Council's budget setting process;
- (8) Option D to be enhanced by the continuation of the existing gallery for a further 12 months (subject to agreeing terms with South Coast Arts Group) and the introduction of a new 'self service' arts information point;
- (9) Option E and Option I to remain as potential options under review;
- (10) The Council continues its commitment to maintain the building's structure (currently supported by an annual maintenance budget of £34,000); and
- (11) The provision of performance and making spaces for arts and cultural activities is considered as part of the annual review of progress on the Cultural Strategy in early summer 2005."

ST. MARY-IN-THE-CASTLE

Extract from Brian Harris and Chris Moore Future Options report (December 2004) - as part of the Cabinet report, 5th January 2005

St Mary in the Castle, Hastings
A Review of its Future
A report by Brian Harris and Chris Moore – Arts Development Consultants

Executive Summary

The attached report includes an examination of the following options for the future of St Mary in the Castle:

Option	Conclusion
Local Arts and Community Centre (One)	The building is far from satisfactory for this type of operation and it would restrict the types of programmes that could be promoted. Other areas of programme would be in competition with other local providers. The building would require additional capital investment. The revenue subsidy required would be in the region of £220K pa even after significant levels of income from hiring of the spaces. Full information provided for decision
Conference Centre with Arts and Community use (Two)	This has some potential for the future, but there are many issues to be developed in detail before a final view can be taken. This option is entirely dependent on the progress of the Pelham Development. Could allow the building to be used for the most appropriate arts and community events at a more modest cost than Option One. In need of further investigation once the proposal is more fully developed by Sea Space
(A) Centre for Street Arts	The building is not suited to this type of use (i.e. 'making') other than as a showcase for some finished work. ACE and others are rethinking the concept as originally envisaged and if that new approach is pursued SMIC might have a role in hosting showcases of finished work Not pursued.
(B) Arts Restaurant	The building is not suited to this without major changes. Such an operation requires a very special type of promoter and it is unlikely there is sufficient audience for this type of programme, in Hastings, to ensure viability. Not pursued
(C) Museum of Native America	A concept with some potential. In conflict with other developments within the museum service and has wider political/cultural issues. Not pursued
(C) Local History Museum	A concept with some potential but partly in conflict with other museum developments. A move from Old Town Hall is

	unlikely to be popular especially following recent investment in improving the displays. <u>Not pursued</u>
(D) Historic and Architectural Attraction	The core of what the building and its preservation was always about. The Council maintains and secures the building. The most appropriate short-term way forward for the main space that fully protects its architecture and retains it in public use. <u>For decision</u>
(E) Historic and Architectural Attraction with Arts Hub	An addition to the above that retains the current local artists' exhibition use and adds the development of the arcade and crypt as an arts and culture information and resource hub to support much wider and long term arts development functions across the Borough <u>For decision</u>
(G) Historic and Architectural Attraction with occasional Arts and Community events	A further add-on to the above two options. Allows for the main space to be used on occasions for suitable events but with the full costs covered by the promoter. Unlikely to be a great demand. Requires significant extra capital and revenue costs to bring and keep the building up to standard for events. <u>For decision</u>
(H) Public Hall	Previous Council operated public halls have been closed over the years through lack of use. Most functions catered for by hotels and others. <u>Not pursued</u>
(I) Sale	Some possible options might exist for the sale of the building to private operators to protect the building and provide some public access. The costs and limitations are likely to make this unattractive. There would be local resistance <u>Not pursued</u>

The report concludes that, although a very splendid building, St Mary in the Castle is essentially not well-suited as a general purpose arts venue, only really suiting a small range of activities with a limited local appeal. Further, that the arts (locally) are not well served by attempts to make them 'fit' SMIC, and that an approach that supports the right arts activities in the right places for the right people would be much more appropriate and deliver many more benefits. SMIC should be used only for those things which support its status as a building of architectural and historic interest and/or which support appropriate arts functions.

Of the options explored, retaining the building as an architectural attraction with an exhibition and arts resource hub in the arcade and crypt would seem to be the most appropriate way forward for the foreseeable future. This protects the building, meets the aims of the conservationists and allows parts of the building to be used in appropriate ways to support long-term arts developments. This could be the first stage. Once the proposals from Sea Space are more fully developed, this might provide a basis for the partnership, mixed-use option or other developments. The key is to ensure that the building and arts development are seen and pursued as separate issues and that the building is only used for functions that are truly appropriate to its nature.