

27 November 2017

STRATEGY AND RESOURCES COMMITTEE

A meeting of the Strategy and Resources Committee will be held on **TUESDAY 5 DECEMBER 2017** in the Council Chamber, Ebley Mill, Ebley Wharf, Stroud at **7.00 pm.**



David Hagg
Chief Executive

Please Note: This meeting will be filmed for live or subsequent broadcast via the Council's internet site (www.stroud.gov.uk). By entering the Council Chamber you are consenting to being filmed. The whole of the meeting will be filmed except where there are confidential or exempt items, which may need to be considered in the absence of the press and public.

AGENDA

1 APOLOGIES

To receive apologies for absence.

2 DECLARATIONS OF INTEREST

To receive declarations of interest.

3 MINUTES

To approve the Minutes of the meeting held on 12 October 2017.

4 PUBLIC QUESTION TIME

The Chair of the Committee will answer any questions from members of the public, submitted in accordance with the Council's procedures.

DEADLINE FOR RECEIPT OF QUESTIONS

Noon on THURSDAY 30 NOVEMBER 2017.

Questions must be submitted in writing to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud, and sent by post or by Email:

democratic.services@stroud.gov.uk.

5 PARLIAMENTARY BOUNDARY REVIEW REVISED PROPOSALS

To consider whether the Council responds to the Boundary Commission for England consultation on proposed changes to parliamentary boundaries.

6 SUBSCRIPTION ROOMS, STROUD

(a) MOTION TO SUSPEND STANDING ORDER 8.1 IN ACCORDANCE WITH CONSTITUTION SECTION 3 PARAGRAPH 8.2(q)

To enable the Committee to consider an alternative motion (as set out below in agenda item 6(b)) to the recommendation of the Task and Finish Group as per agenda item 6(c).

(b) TO CONSIDER THE FOLLOWING NOTICE OF MOTION

Motion proposed by Councillor Lydon and seconded by Councillor Whiteside:

1. That the Committee does not accept any of the bids considered by the Group. The Group has now finished its task and we thank the members and supporting officers for their work.
2. To enable the Subscription Rooms:
 - (i) freehold to be retained in public ownership;
 - (ii) ensure that the level of Council cost is significantly reduced; and
 - (iii) to continue to be available to the public as a venue for public arts, community use, and educationthe Council will advertise the lease on the Subscription Rooms (excluding the forecourt) for a circa 30 year full repairing lease. Such lease option also to be raised with the current external bidders.
3. Bids for the lease will need to:
 - (i) illustrate whether and if so, how, the bidder has engaged the local community in its bid;
 - (ii) set out implications for existing Council employees working at the Subscription Rooms; and
 - (iii) show how they will develop the venue for public arts; community use; and education, including a community use strategy and pricing policy.
4. Group Leaders (or their nominees), in consultation with the Head of Property Services will be constituted as a sub-committee to guide the process. This sub-committee shall:
 - (i) report to the next meeting of the Strategy and Resources Committee on progress;
 - (ii) to the Strategy and Resources Committee on 12 April 2018 on any offers received as a result of any advertisement (including discussions with the current external bidders) and if possible, with a recommendation for the future arrangements for the Subscription Room service; and
 - (iii) ensure adequate consultation with staff, service users, the local community and existing bidders is done concerning the future of the service provision and the building (any additional consultation to be concluded by end of February 2018).

Proceedings of this sub-committee will be accessible to the public with publication of agendas, meeting notes and those reports which are not considered confidential or exempt.

5. The Council shall establish a community forum to meet with the successful bidder at least twice a year to advise on the Subscription Rooms. Such a forum to be chaired by a member appointed by the Community Services and Licensing Committee and the forum will report to this committee at least once a year.
6. If it is not possible, to identify any alternative options for the future of the Subscription Rooms then the matter will be referred to a meeting of Strategy and Resources Committee for further consideration.
7. The Community Services and Licensing Committee will determine the future of the Tourist Information Centre currently provided within the Subscription Rooms in the light of the decisions of the Strategy and Resources Committee on the matter.

(c) **REPORT OF THE TASK AND FINISH GROUP** (with covering update report from the Head of Legal Services).

7 MEMBER QUESTIONS

See Agenda Item 4 for deadline for submission.

Members of Strategy and Resources Committee

Councillor Steve Lydon (Chair)
Councillor Doina Cornell (Vice-Chair)
Councillor Nigel Cooper
Councillor Stephen Davies
Councillor Nick Hurst
Councillor Keith Pearson
Councillor Simon Pickering

Councillor Steve Robinson
Councillor Mattie Ross
Councillor Tom Skinner
Councillor Ken Tucker
Councillor Martin Whiteside
Councillor Debbie Young

STRATEGY AND RESOURCES COMMITTEE

12 October 2017

7.00 pm – 10.05 pm
 Council Chamber, Ebley Mill, Stroud

3

Minutes

Membership:

Councillor Steve Lydon(Chair)	P	Councillor Steve Robinson	P
Councillor Doina Cornell (Vice-Chair)	P	Councillor Mattie Ross	P
Councillor Nigel Cooper	P	Councillor Tom Skinner	P
Councillor Stephen Davies	P	Councillor Ken Tucker	P
Councillor Nick Hurst	P	Councillor Martin Whiteside	A
Councillor Keith Pearson	P	Councillor Debbie Young	P
Councillor Simon Pickering	P		

P = Present A = Absent

Officers Present:

Chief Executive	Head of Business Service Planning
Accountancy Manager (Acting Section 151 Officer)	Democratic Services Officer
Revenue and Benefits Manager	Head of Property Services
	Investment Manager

Members and Officers stood in remembrance of Councillor Liz Peters who had recently passed away.

SRC.027

APOLOGIES

An apology for absence was received from Councillor Martin Whiteside.

SRC.028

DECLARATIONS OF INTEREST

There were none.

SRC.029

MINUTES

Minute no. SRC.024 – the Chair stated that a report on Littlecombe Section 106 would be discussed at the meeting on 18 January 2017.

RESOLVED

To approve as a correct record the Minutes of the meeting held on 13 July 2017, with the inclusion of the above wording.

SRC.030

PUBLIC QUESTION TIME

There were none.

SRC.031 WORK PROGRAMME

The following items were added to the work programme.

- Task and Finish Group Report on Performance Monitoring – 18 January 2018
- Littlecombe Section 106 – 18 January 2018
- Brimscombe Port Report -12 April 2018

Future meetings

- Stroudwater Connected (Phase 1B)
- Update from the Subscription Rooms Task and Finish Group.
- Report on delivering Homes for Rent

RESOLVED To agree the Committee's Work Programme 2017/18.

SRC.032 MEMBER REPORTS**(a) Performance Monitoring**

The Chair noted that a meeting relating to performance monitoring would be taking place in the week following Committee.

(b) Investment and Development Panel

Notes of the Investment and Development Panel had been circulated.

(c) Subscription Rooms Task and Finish Group

Councillor Cornell updated Committee. Bids for the future running of the Subscription Rooms had been received and a detailed report would be finalised in due course. A public consultation event will be held at the Subscription Rooms and a Members Information Evening will be held to update all Members.

The Chair announced that an additional meeting of this Committee would take place on Tuesday 5 December 2017 at 7.00 pm. to receive the report of the Task and Finish Group.

SRC.033 CAPITAL PROJECT MONITORING**(a) Littlecombe Business Units, Dursley**

The Head of Property Services agreed to update Members as to the level of interest in these units.

(b) Brimscombe Port Redevelopment

The Head of Property Services updated Members explaining that an audit had been carried out listing areas where recommendations had been made. A copy would be e-mailed to Members following the meeting.

(c) Homes for Rent

The Policy Implementation Manager updated Members explaining that officers are working with Gloucester City Homes on a business case for purchasing properties for conversion to temporary accommodation or accommodation for young people and recommendations will be reported to Members at a future meeting.

(d) ICT Investment Plan

An update was provided to Members by the Head of Business Service Planning and the Investment Manager. They thanked them for taking part in the pilot relating to Members' access to systems. A further report will be presented to Committee in December.

RESOLVED **To note the report.**

SRC.034 LOCAL COUNCIL TAX SUPPORT SCHEME

The Revenue and Benefits Manager presented the report explaining that local authorities are required to develop a local Council Tax Support scheme which protects vulnerable people. Consultation had taken place with the statutory consultees who supported the scheme. The Revenue and Benefits team were now introducing Universal Credit which does not include council tax support.

The Chair thanked the Revenue and Benefits team for the work they were carrying out on Universal Credit.

RECOMMENDED **That it adopts the Local Scheme as the scheme for Stroud**
TO COUNCIL **District Council for the period 01 April 2018 to 31 March**
2019.

SRC.035 FINANCIAL REPORTS**(a) Budget Monitoring Report 2017/18 – 31 Aug 2017**

The Accountancy Manager presented this report explaining that it was the forecast for each budget holder over the current financial year. He highlighted the underspends and overspends for each budget. ICT and the Multi Service Contract were two areas Members questioned officers.

RESOLVED **To note the outturn forecast for the General Fund Revenue**
budget and Capital Programme.

(b) Budget Strategy 2018/19

The Accountancy Manager presented this report which explained the current financial position and the outlook over the Medium Term Financial Plan. Budget consultation is currently taking place and results will be available in November, these will inform the 2018/19 budget setting process.

RESOLVED **(a) To approve the Budget Strategy 2018/19 to 2021/22 as**
set out in this report
(b) To amend the Capital Programme in respect to the 4
schemes set out in para 3.25, as reported to Community

**Services and Licensing Committee and Environment
Committee in September 2017.**

(c) 100% Business Rates Retention Pilots

The Accountancy Manager presented the report informing Committee of the opportunity to make a proposal to the Government to become a pilot of 100% business rates retention in 2018/19. Potentially, £10m would be available for distribution in Gloucestershire as part of this pilot, although local authorities involved in the pilot would be expected to forego Revenue Support Grant and Rural Services Delivery Grant. Mitigation would also need to be factored in against an NHS appeal relating to the pilot.

Following discussion the recommendation was amended, relating to the NHS Trusts.

RECOMMENDED TO COUNCIL Subject to confirmation of the potential financial benefits outweighing risks, the Council agrees to be part of the Gloucestershire bid for business rate pilot status for 2018/19. The bid should make clear that it is submitted on the basis that it is conditional on there being no financial detriment to Gloucestershire in 2018/19, *arising from the NHS trusts appeal*. Should subsequent analysis or the terms of the Government's proposed scheme change, this matter be brought back to S&R Committee and Council for further consideration before proceeding with a pilot.

SRC.036

REGENERATING THE COTSWOLD CANALS – PROGRESS WITH THE CANAL PROJECT AND THE NEXT STEPS

The Canal Project Manager gave a presentation and updated Members on the progress of the canal. He explained that volunteers had been a valuable part of this process. On 20 October 2017 there would be a celebration and a 'sign off' of this phase of the canal. The Chair thanked everyone involved with the success of this phase.

A Heritage lottery fund bid will be submitted by the end of November for Phase 1B – Stroudwater Connected, restoring the canal between Stonehouse and Saul Junction. Working closely with the Cotswold Canals Trust, a team would need to be put in place to deliver the project which could take approximately 5 years to complete.

At this point in the meeting Members agreed to continue the meeting past 10.00 pm.

RESOLVED

- (a) To note the imminent successful completion of 'Phase 1A' – the Stonehouse – Bowbridge section.
- (b) To delegate approval of the Governance arrangements for Phase 1B – 'Stroudwater Connected' to Canal Project Manager in consultation with Head of Legal Services and Monitoring Officer.
- (c) To approve that a funding bid be submitted to the Heritage Lottery Fund in November 2017.

SRC.037

CORPORATE DELIVERY PLAN – PROGRESS WITH IMPLEMENTATION

The Chief Executive gave a powerpoint presentation on the progress of the plan.

SRC.038**LEADERSHIP GLOUCESTERSHIRE UPDATE**

The Chief Executive updated Members and recommended that if they wanted to read more information on Vision 2050 and Leading Place they could find this on Gloucestershire County Council website under Leadership Gloucestershire.

RESOLVED

To approve the approach being taken by the Leader and Chief Executive to the Gloucestershire wide agenda and the application of resources accordingly.

SRC.039**MEMBER QUESTIONS**

Councillor Norman Kay submitted a question which was answered by Councillor Lydon. The question and answer can be accessed on the [Council's website](#).

The meeting closed at 10.05 pm.

Chair

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES

**AGENDA
ITEM NO**

5 DECEMBER 2017

5

Report Title	PARLIAMENTARY BOUNDARY REVIEW REVISED PROPOSALS
Purpose of Report	To ensure that the Council responds to this consultation document and that Members are kept up to date.
Decision(s)	<i>The Committee to:-</i> (1) <i>Note the revised proposals from the Boundary Commission for England for Parliamentary boundaries for the Stroud District Council area; and</i> (2) <i>Consider whether to put forward any comments/views that it would like to include in the response to the Boundary Commission.</i>
Consultation and Feedback	Details are contained within the body of the report.
Financial Implications and Risk Assessment	There are no direct financial implications arising from this report. Adele Rudkin, Accountant Tel: 01453 754109 Email: adele.rudkin@stroud.gov.uk
Legal Implications	It should be noted that the Decision Box simply sets out the points which the Committee needs to consider to ascertain whether it is possible to formally respond to the consultation on behalf of the Council. It is for the Committee to resolve the response. Any consultation response should include evidence in support taking account of the factors in paragraph 3.2. of the report. Karen Trickey, Head of Legal Services Email: karen.trickey@stroud.gov.uk
Report Author	Hannah Emery, Elections Manager Email: hannah.emery@stroud.gov.uk
Options	The Council can choose whether or not to make a response to the consultation document. This response can either support proposals or suggest changes and must be submitted by the 11 December 2017.
Background Papers	Revised proposals for the new constituency boundaries in the South West – Published by the Boundary Commission

1. BACKGROUND

- 1.1 The Boundary Commission for England (BCE) is an independent and impartial non-departmental public body which is responsible for reviewing Parliamentary constituency boundaries in England.
- 1.2 The BCE are currently conducting a review to reduce the number of constituencies in England to 501 (from 533). The rules require that every constituency – apart from two specified exemptions - must have an electorate that is no smaller than 71,031 and no larger than 78,507. The final recommendations must be published in September 2018. [Please see the following link.](#)
- 1.3 The legislation also states that when deciding on boundaries, the Commission may also take into account:
 - 1.3.1 Special geographical considerations, including particular in size, shape and accessibility of a constituency;
 - 1.3.2 Local government boundaries and electorate as they existed in December 2015;
 - 1.3.3 Boundaries of existing constituencies; and
 - 1.3.4 Any local ties that would be broken by changes in constituencies.

Initial proposals

- 1.4 The BCE published their initial proposals for the new Parliamentary constituency boundaries in England on 13 September 2016. This was followed by a 12 week consultation period.
- 1.5 The initial proposals split the Stroud District across three constituencies:
 - 1.5.1 Quedgeley Feildcourt and Quedgeley Severn Vale was moved to Stroud Constituency from Gloucester Constituency;
 - 1.5.2 Nailsworth and Minchinhampton were to be part of The Cotswolds Constituency; and
 - 1.5.3 Berkeley, Cam East, Cam West, Dursley, Kingswood, Vale and Wotton-Under-Edge would be part of the Dursley, Thornbury & Yate Constituency.
- 1.6 A further 4 week consultation opened from the 28 February 2017 to the 27 March 2017 for written comments to be submitted to the Commission on the representations it received during the initial consultation period to either challenge or support comments made during the consultation period.
- 1.7 All the responses (including the records of public hearings from the initial 12-week consultation) have been published on the Commission's website (<https://www.bce2018.org.uk>) and can be viewed by constituency area.

Revised proposals

- 1.8 Revised proposals (Appendix A) were published on the 17 October 2017 and a further 8-week consultation period has opened until the 11 December 2017.

- 1.8.1 The revised Stroud Constituency will have an electorate of 71,107;
 - 1.8.2 Minchinhampton will move back to the Stroud Constituency from The Cotswold Constituency; and
 - 1.8.3 Cam East, Cam West, Dursley, Kingswood, Vale and Wotton-Under-Edge will form part of the proposed Dursley, Thornbury & Yate Constituency.
- 1.9 Amendments made to the initial proposals (published December 2016):
- 1.9.1 Quedgeley Feildcourt and Quedgeley Severn Vale will remain in Gloucester;
 - 1.9.2 Nailsworth will no longer move to The Cotswold Constituency; and
 - 1.9.3 Berkeley will no longer move to the proposed Dursley, Thornbury & Yate Constituency

2 ISSUES FOR CONSIDERATION

- 2.1 The ward data provided for the review is based on the December 2015 ward patterns and electorate. Although our ward patterns have now changed and the electorate did increase prior to the EU Referendum in June 2016 and the UK Parliamentary General Election in June 2017, this cannot be factored into the proposals.
- 2.2 The revised proposals for the Stroud Constituency result in the district containing parts of two constituencies instead of three as originally proposed.
- 2.3 Within the revised proposals it is recommended that Berkeley will remain in the Stroud Constituency and Vale will form part of Dursley, Thornbury and Yate Constituency. This will split the Berkeley Vale district ward formed in 2016.
- 2.4 If Vale were to remain in the Stroud Constituency the electorate would be 72,669 and the electorate for Dursley, Thornbury and Yate Constituency would be 72,339. This would maintain the community identity for the ward and both electorates are within the electorate threshold for each constituency.

3 CONCLUSION

- 3.1 The consultation period enables interested parties to inform the BCE where they think the proposals are acceptable and also to propose alternatives where it is felt they do not meet the Commission's criteria (improve electoral equality, reflect community identity and provide effective and convenient local government).
- 3.2 The Council is not compelled to respond to the consultation; however this is the final consultation period and the only opportunity for the Council to respond to the BCE with written comments on the revised proposals.

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE
5 DECEMBER 2017

**AGENDA
ITEM NO**

6(c)

Report Title	SUBSCRIPTION ROOMS TASK & FINISH GROUP: FINAL REPORT
Purpose of Report	To set out the Task & Finish Group's recommendations to the Strategy & Resources Committee.
Decision(s)	<p>The Task and Finish Group recommends on a majority basis that the Strategy and Resources Committee RESOLVES:</p> <ol style="list-style-type: none"> 1. The Subscription Rooms be transferred to Ecotricity Group Ltd in accordance with its bid submission subject to such terms and conditions which the Director of Customer Services (in consultation with the Chair of the Strategy and Resources Committee) considers appropriate and: <ol style="list-style-type: none"> (a) The imposition of restrictions on the use of the premises and management covenants to secure the provision of cultural facilities for public benefit on the premises and to protect existing public access and use of the forecourt; (b) The imposition of overage provisions to cover the possibility of any alternative uses (beyond those set out in the bid); and (c) The transfer of the premises is completed no later than four months from the date of this resolution or such other longer period as the Director of Customer Services considers appropriate. 2. If it is not possible to complete the transfer of the asset in accordance with paragraph 1, the matter be referred back to the Committee for reconsideration. 3. The Community Services and Licensing Committee considers the future of the Tourist Information Centre currently provided within the Subscription Rooms in view of the Committee's decision.
Consultation	As outlined in this report, Appendix section 2 and the background papers - see https://www.stroud.gov.uk/sport-leisure-parks/events-and-things-to-do/subscription-rooms/subrooms-review ¹

Financial Implications
1

The financial assessment of the proposals has been undertaken in the context of the Core Deficit identified in the Council's Medium Term Financial Plan (MTFP) published in January 2017, and the decision made by Strategy and Resources Committee on 26 January 2017. Consequently, in reaching a decision on the future of the Subscription Rooms consideration should be given to the impact on the Council's finances by reducing the level of subsidy required to provide public cultural use (improving the cost effectiveness for the public). The measurement is primarily a comparison against the historic level of subsidy required to operate the Subscription Rooms on a revenue basis, with an additional criterion of the capital expenditure/capital receipt that forms part of each submission. For clarity, the net revenue subsidy required in 2016/17 (the last complete financial year available) is shown in the table below *under the column headed "2016/17 Outturn (£)", along with the budgeted position for 2016/17 and 2017/18:*

<u>Subscription Rooms</u>	2016/17 Approved Budget (£)	2016/17 Outturn (£)	2017/18 Approved Budget (£)
<u>Income</u>			
Fees & Charges	(349,300)	(338,732)	(349,300)
Grants & Contributions	(3,600)	(3,659)	(3,600)
Subtotal	(352,900)	(342,391)	(352,900)
<u>Expenditure</u>			
Employee & Employee Related	233,600	204,912	240,300
Premises Related	86,150	76,128	77,000
Transport Related	100	26	100
Supplies & Services	258,500	255,805	258,600
Support Service Charges	72,800	75,632	77,000
Subtotal	651,150	612,503	653,000
<u>Net level of Subsidy</u>	298,250	270,112	300,100

The financial aspects of the two external bids submitted have been appraised against the need for the Council to improve the cost effectiveness of the Subscription Rooms. An element of the costs referred to as the net level of subsidy above (and in paragraph 1.1 of the Appendix to this report) includes the Subscriptions Rooms share of support service charges which totalled £**76,000** in 2016/17. The assumption made with regard to the support charges is that if the service is not continued by the Council, in the

¹ As noted in paragraph 2.2 of this covering report, the numbers / wording in both bold and italics (only) are different than those included in the report of the Task and Finish Group dated 9.11.17. The substantive Task and Finish Group report (now appended to the current report) is materially unaltered.
Strategy and Resources Committee
5 December 2017

	<p>short-term there would be a reallocation of the charges to other services across the Council. Over the medium-term, service managers with responsibility for support services are expected to review the level of resources required, with an expectation that savings will be delivered as the overall size and scale of the Council's operations changes. Therefore, no assumption has been made in this report of any cost reduction in support services charges to the Council arising from the external bids.</p> <p>The Council's MTFP, published in January 2017 (revised in February 2017 to reflect updated funding from Business Rates), highlighted an unfunded core deficit on the General Fund revenue budget of £3.4m per annum from 2019/20. The Council is required to set a balanced budget each year. The MTFP showed the Council needs to make significant savings or generate additional income to be able to achieve this over the medium term. The MTFP was reliant upon the use of reserves to balance the budget and this is not a sustainable financial position.</p> <p>D Stanley, Accountancy Manager (Section 151 Officer)</p>
<p>Legal Implications</p>	<p>Any decision should also be made in view of the strategic risks associated with the Council's budget for the medium term (e.g. CCR1).</p> <p>If the Committee proposes a disposal of the freehold or a lease (in excess of seven years) of the premises for a value below the best consideration that can reasonably be secured, it needs to be satisfied that the disposal is in the economic, environmental or social wellbeing of the area. (It should be noted that the price at which the property has been marketed is a guide price only. The actual disposal is subject to its use for cultural purposes and even with its existing title restrictions, this will adversely affect the market value). Both Bids A and B will be subject to this legal requirement although disposal at a lower capital receipt than is possible following the marketing of the property will require the Committee to carefully consider this requirement.</p> <p>Both of the external bids are made on the basis that there would be a transfer of the freehold of the whole site (as opposed to a long lease of say 125 years of the whole or part of the site which is a potential alternative to a freehold transfer). In any case, if it is resolved to dispose of the site to either of the external bidders, existing restrictions on the use of the site will remain and additional covenants would be required in the transfer deed (or long lease) to secure the provision of cultural facilities for public benefit on the premises and to protect existing public access and use of the forecourt; further the imposition of overage provisions to cover the possibility of any alternative uses (beyond those set out in the bid) would be appropriate.</p>

	<p>If the Committee does not consider either of the external bids should be pursued, it may wish to remarket the property for sale ASAP. In view of the restrictions on the disposal of the building which is registered as an Asset of Community Value, a further moratorium period potentially preventing a sale of the freehold or a long lease (of 25 years plus) will apply from 1st September 2018.</p> <p>K Trickey, Head of Legal Services and Monitoring Officer</p>
Report Author	<p>The Head of Legal Services NB. The Appendix which contains the Task and Finish Group Report was drafted by the Head of Legal Services on behalf of the Group (which has included Cllr Cornell, Cllr Baxendale, Cllr Butcher, Cllr Craig, Cllr Edmunds, Cllr Pearson, Cllr Pickering Cllr Studdert-Kennedy and Cllr Townley).</p>
Alternative Options	<p>(1) Accept the other external bid; (2) Approach both bidders and renegotiate terms of their bids; (3) Continue to subsidise the current use of the premises; (4) Close the building; (5) Re-market the premises.</p>
Appendix and Background Papers	<p>Appendix:</p> <ul style="list-style-type: none"> • Report of the Task and Finish Group. (Its recommendations are set out in the Decision Box of this covering report). <p>Background Papers regarding the Task and Finish Group's report:</p> <ul style="list-style-type: none"> • In-house retention option; • Bids A and B to which the report refers; • Summary financial account for the Subscription Rooms; • Bruton Knowles: Sales Particulars for Subscription Rooms; • Consultation Feedback: summary report on event on 18th February 2017. <p>All documents are available at: https://www.stroud.gov.uk/subroomsreview</p>

1. BACKGROUND TO THIS COVERING REPORT

- 1.1 The 'Task and Finish Group (Subscription Rooms) Report' is appended to this covering report. The proposed motion in Agenda Item 6(b) recommends an alternative resolution to that of the Task and Finish Group shown in the Decision Box to this report. Clearly, the information contained within this covering report (including the appended Task and Finish Group Report), is key to both sets of recommendations. Consequently despite the agenda order, the Committee should take account of the points in this report as part of its possible debate on Agenda Item 6(b).
- 1.2 This covering report provides an update to the report from the Task and Finish Group (as published on 13 November 2017 and previously provided to all Members of Council on 10 November following completion of the report the day

before). As the Committee is aware, the report was published ASAP in advance of the agenda for the committee, to maximise the time available for any interested persons to submit comments on the report.

- 1.3 A public event was held at the Subscription Rooms on 18 November and a Member Information event on 23 November; both to encourage comments to be submitted on the Task and Finish Group's report. A facility has also been provided on the Council's Subscriptions Review webpage for individuals to submit comments by 27 November 2017.
- 1.4 All comments received by the Council will be collated and made available for viewing on the Subscription Rooms webpage <https://www.stroud.gov.uk/sport-leisure-parks/events-and-things-to-do/subscription-rooms/subrooms-review> ASAP (i.e. by 2 December).

2. INFORMATION RECEIVED SINCE PUBLICATION OF THE GROUP'S REPORT

- 2.1 The Committee will be aware that in response to comments received on the Task and Finish Group's report, errors were identified in the accountancy information provided on the costs of the Subscription Rooms. The errors are largely reflected in the Financial Implications which were comprised in the covering standard summary box for committee reports.
- 2.2 The changes to the Financial Implications and the consequential alterations to relevant figures in the Task and Finish Group's report are shown both in **bold** and *italics* (only), in the current report. It will be noted that the substance of the Group's findings and recommendations in respect to the bids received, remain the same.
- 2.3 On 20 November 2017 a second petition was received in connection with the Subscription Rooms. The petition refers to "*objections to the privatisation of a unique community asset*" and "*calls upon the District Council not to proceed with this irreversible course of action*". The full wording of the petition and details of the numbers of signatories are available at <https://www.stroud.gov.uk/council-and-democracy/about-the-council/have-your-say/petitions/current-petitions> .
- 2.4 As indicated above, other comments received should also be noted by the Strategy and Resources Committee in readiness for its meeting. In the meantime, the Committee may wish to note that as at the date of drafting of this report of the 243 members of the public who attended the 18 November event, 327 comments were received on the day and a further 18 comments were

received via the web as at 22 November. The main themes mentioned in these comments comprise:

- “public ownership” (52 responses include one or more reference to such);
- “lease / leasehold” (35 responses);
- “consultation / consult” (27 responses);
- “forecourt” (23 responses);
- “time/ pause / stop” (15 responses); and
- “full Council” (11 responses).

2.5 The Task and Finish Group’s report also refers to the district wide 2016 budget consultation (see paragraph 2.1 of the Appendix). Since then the Council has received the report on the 2017 annual budget consultation. A full copy of the consultation report is available at: <https://www.stroud.gov.uk/council-and-democracy/about-the-council/have-your-say/consultations/budget-consultation-2017> . Page 14 of the latter refers to the services which the respondents most value. Taking account of last year’s report and this year’s, the percentage of respondents who most valued the Subscription Rooms has fallen from 10% to 4% over the course of the year.

REPORT OF TASK & FINISH GROUP (SUBSCRIPTION ROOMS)

1. Background

- 1.1 This is the final report of the cross-party member Task and Finish Group. The Group was established by the Committee in October 2016 to investigate how the Subscription Rooms could best serve the community; specifically bearing in mind that the current net level of ***budgeted*** subsidy (***£300,100 in 2017/18***) by the Council to keep the Subscription Rooms open to the public for its current cultural uses, was considered unsustainable within the medium term without cuts to services being made elsewhere. The relevant minutes and committee report are available at:
<https://www.stroud.gov.uk/media/208522/minutes-13-october-2016.pdf>ⁱ
and
<https://www.stroud.gov.uk/council-and-democracy/meetings/strategy-and-resources-committee/strategy-and-resources-committee-26-january-2017>ⁱ

Tourist Information Centre

- 1.2 In undertaking its review, the Group has recognised that whilst it was not tasked with reviewing the future of the Tourist Information Centre which currently operates from the Subscription Rooms ('the TIC'), any decision regarding the premises beyond continuation of the existing arrangements will have implications for the TIC. Consequently, this report includes commentary on the impact of each of the proposed options on the TIC.

Options

- 1.3 Following the Group's preliminary report to this Committee on 26th January 2017, the Committee resolved that three principal options be considered by the Group with a view to reducing the level of subsidy; with a preference to seek to retain its availability to the public for cultural use. In summary these are as follows:
- **No change in terms of ownership of the premises:** This includes retaining the service in house; identifying and delivering further efficiency measures; investment for income generation; co-location of public and/or commercial services; contracting out the management of

all or part of the Sub Rooms service operations; OR cessation of service and mothballing of the building.

- **Dispose of the freehold or grant a leasehold interest in the property for use as a public arts and cultural facility:** It was always anticipated that this might still have some financial implications for the Council in view of the restrictions on the services which could be operated from the premises. Relevant transferees would include a Community Interest Group, trust, public sector body or commercial organisation.
- **Cease delivery of the service and dispose of the Council's freehold (or grant a leasehold) interest in the property for an alternative use:** Whilst the use of the building for arts and culture would be lost, alternative uses involving a material change of use could be secured with planning permission. An application for such uses would be expected to meet various local plan policy requirements of the Council as local planning authority. Such requirements include proving there is no prospect of a continued community use; and the existence of similar facilities nearby which cater for the needs of the local population.

Resume of progress on the review to date

- 1.4 There have been several updates to both the Strategy and Resources Committee and the Community Services and Licensing Committee since January 2017 and on the Council's website as to progress being made in investigating the above options. It is confirmed that in line with the timetable approved by the Committee, bids to acquire the premises were sought and consideration was also given to the costs of retaining the asset. General information on the review (including costs) has been publicly available on the Council's website since February 2017. A full bid pack has also been available to those that expressed an interest in acquiring the premises. Despite expressions of interests being received from several organisations direct by the Council or indirectly via the agents used to market the site, only two bids were received. Neither of these two bids were in response to the marketing of the site for any use. Consequently, it is simply these two bids and the 'no change' option outlined above, which have been considered by the Task and Finish Group. Details of the bids and the 'no change' option are outlined below in Section 3 to 5 of this report, along with the Group's assessment of each. Copies of all three submissions are available to the public.

The description of the premises

- 1.5 The Group is aware that concerns have been raised about the inclusion of the forecourt in the description of the Subscription Rooms. The legal title to the property known as the Subscription Rooms includes the forecourt and the property was marketed to include this. Both the forecourt and the building are subject to the same restrictions which are set out in the registered title to the property which is publicly available from the Land Registry.

- 1.6 For the avoidance of doubt, there is no intention on the part of the Council to remove any current restrictions or indeed any existing rights applicable to the site. Nevertheless, it is still possible to divide the site. (This would be achievable by (i) not disposing of the forecourt; or (ii) granting a long lease of the forecourt and transferring the freehold of the building which would assist in the Council in securing control over the use of the forecourt whilst still disposing of the asset. If the Committee wanted the Council to retain 'ownership' and as such control of the forecourt, the latter option would be preferred by the Head of Property Services from a Council management perspective).
- 1.7 Whilst the bids centre around the use of the building, neither of the bids comment on the use of the forecourt; both bids being made on the basis that the building is transferred from the Council to them solely or primarily for public arts and cultural purposes albeit for different amounts as detailed below.
- 1.8 The Subscription Rooms (including the forecourt) were registered in September 2015 by the District Council as an asset of community value following application by Stroud Town Council in August 2015. The impact of such is that the property may not be sold (either freehold or 25 year leasehold interest) without providing for example, community interest groups (including the Town Council) an opportunity to bid to purchase the site. To progress the review and in line with the options resolved by the Strategy and Resources Committee, the Task and Finish Group has proceeded with its review in a manner consistent with the timetable applicable to the disposal of assets of community value.

2 **Public Engagement and Consultation**

- 2.1 The Council's last annual budget consultation survey (November 2016) available at <https://www.stroud.gov.uk/media/240743/stroud-district-council-budget-consultation-report-2016.pdf>ⁱ, included a question relevant to the Subscription Rooms. As the survey results noted "*residents were asked to what extent they valued a list of services...The least valued services were Stroud subscription rooms (10% high [importance], tourist information centre (10% high) and dog warden animal welfare (12% high)*". This is consistent with the annual survey results since 2013 in which the Subscription Rooms have been the least, highly valued Council service, by residents surveyed.
- 2.2 To inform the review, the Task and Finish Group has also ensured that the Council has consulted with various organisations and the public. The review has also been publicised on the website, in local press and by councillors.
- 2.3 In response, members of the public have expressed their views, most notably in the petition which was received by the Council on 10 April 2017 (and subsequently reported to the Committee) calling upon district councillors "*to do everything in their power*" to keep the Subscription Rooms "*as the vibrant publicly owned community venue it is and to work with the community to secure its future*". A copy of the petition and details of additional comments made have been available on the Council's website since then - see <https://www.stroud.gov.uk/council-and-democracy/about-the-council/have-your-say/petitions/current-petitions>.[†]

- 2.4 The Council formally notified and publicised 'its intention to dispose' and sought expressions of interest from a range of bodies. During this period, nine organisations expressed their interest, and were sent a property information bid pack – see <https://www.stroud.gov.uk/subroomsreview>.ⁱ Question & Answer sessions and several hosted visits were also held during July, August and September.
- 2.5 The Council instructed Bruton Knowles, a commercial agent with local knowledge and experience to advertise the Subscription Rooms on the open market. The property was advertised on the agent's website and in the local press for an eight week period with three viewing days. Particulars were circulated to all of the agent's active applicants; all agents in Gloucestershire, Swindon and Worcester; publicans; public house companies; and restaurant operators; all of which accounts for approximately 300 bodies. The agent has described the levels of interest as being modest although points out that the interest expressed was from both owner occupiers and investors. Further feedback from the agent explained that a number of factors affected the general level of interest including the fact that the majority of the marketing was carried out during the summer months; there was negative PR during the marketing campaign; and commercial bidders generally prefer private treaty rather than a tender process.
- 2.6 In addition to this report being available on the Council's website, arrangements have been made for an open event at the Subscription Rooms on 18 November. Responses to that event will be reported to the Committee when it considers the report as will comments on this report from other Members of Council who are not members of the Committee.

3 No change in ownership / management

In house provision

- 3.1 Consideration has been given over the last few months to the potential for outsourcing management of the services provided by the Council from the Subscription Rooms. Twelve potential providers were identified on the Procurement Portal. Of these, two requested further details and attended a hosted visit; however, neither wished to progress to the bid stage.
- 3.2 The co-location of public and commercial services has been considered including for example a Business Hub, Taxi Office and Travel Agent. Unfortunately, no interest was generated.
- 3.3 Consequently, other than closing the premises (see paragraph 3.8 below), consideration in respect to this option has largely centred around improving the in-house management of the Council's services (i.e. management of the building and events; and provision of other associated services such as the cafe and bar facilities etc). The background papers include details of the Council's anticipated costs and income for retaining the services in-house. This financial

information is based upon improvements being made to the management of the building, development of new business and further changes to performance management.

- 3.4 The proposal does not include continuation of the TIC in the longer term as it is considered that the space it currently occupies in the Subscription Rooms could be more effectively utilised as part of the reorganisation of the cultural services to be provided from the premises. Currently, the TIC costs the Council over **£70,000** per year to run **(based on 2016/17 outturn) with a budgeted cost to the Council of £103,000 (based on 2017/18 approved budget)**. The TIC provides a box office service to the Subscription Rooms, although there are cheaper and more efficient ways of doing this as the in-house proposal outlines. The TIC is the only tourist information service in the district which is managed and staffed by the Council. Others are managed by volunteers and/ or funded by town and parish councils.
- 3.5 In brief, it is anticipated that continuing to operate the Subscription Rooms in-house will require an ongoing subsidy from the Council. The total subsidy anticipated for five years would be between £787,290 (excluding redundancy costs and capital costs which would need to improve the efficiency of the operation) and £1,685,014. These costs exclude any significant repairs to the building, for which the cost of repairing the roof within the next ten years, has been estimated to be in the region of £100,000. Furthermore, there is no guarantee that further subsidies will not be required beyond this five-year period.
- 3.6 Having considered the anticipated subsidy which will be required for this option, the Task and Finish Group is mindful of the Accountancy Manager's advice in respect to the implications for the Council's MTFP. In particular it notes:
- (a) The in-house proposal contains two financial projections for the Subscription Rooms – “High Expectation” and “Low Expectation”.
 - (b) The Low Expectation bid replicates the costs and income from the current operating model, with some cost containment and modest income growth. Overall, the net level of subsidy within the proposal reduces from £350,000 to £326,158 over the 5-year period. Whilst this can be viewed as a lower-risk strategy, it does not fulfil the requirement to improve cost effectiveness.
 - (c) The High Expectation bid reduces the operating costs (over the 5-year period) by 42%, with income improving over the 5-year period by 13% (with an initial reduction in income levels in years 1 and 2). The High Expectation bid focuses the programme on profitable events, thereby reducing both costs and income initially. However, income is projected to double from Year 1 to Year 5 (from £267,265 to £564,426) with costs being controlled and increasing by 47% over the same period (Year 1 to Year 5). This can be seen as a high-risk strategy, given the financial performance of the Subscriptions Rooms over the prior 5-year period. The strategy is dependent on an increased level of income from ticket sales and other income sources year-on-year, with costs tightly controlled particularly in relation to staffing levels.

- (d) In addition to the revenue element of the proposal, an element of capital expenditure was highlighted that would be required over the 5-year period. Whilst not fully costed, additional capital expenditure in the region of £60,000 to £80,000 future investment was included. Detailed business cases were not included in the proposal.
- (e) *Accountancy Manager's Opinion: Given historic financial performance, it is considered that the in-house proposal poses too much financial risk to the authority over the 5-year period and it is probable that cost effectiveness would not be improved as a result.*

3.7 The Task and Finish Group Members which considered this option, concluded that whilst the retention of the premises by the Council in terms of controlling the use of the building was welcome and the continuation of cultural facilities could therefore be protected, the level of Council subsidy would not meet the underlying need for the Council to secure any or any significant level of savings within the medium term. Consequently, this option is not recommended to the Committee.

Closure

3.8 Finally, closure of the Subscription Rooms by the Council was considered by the Task and Finish Group. Clearly, the cessation of service and closure of the venue would save day to day costs. The costs of simply maintaining the closure of the listed building would be at least £1,500 per month. Although the level of subsidy required by the Council would be significantly reduced and the premises would be retained by the Council for future use, this option is not favoured by the Task and Finish Group. This option was viewed as one of 'last resort'. The Subscription Rooms is a prominent building in the centre of Stroud and its closure, particularly for an unknown period, would adversely affect the vibrancy and general amenity of the town.

4 Bid A: Submitted by the Clerk of Stroud Town Council for and on behalf of Stroud Trust in conjunction with Stroud Town Council

4.1 As will be noted from the background papers, this bid is the most detailed of the three choices. In summary, it is made in the name of a new trust specifically set to run the premises for public arts and cultural purposes. The Trust would seek the required registration with the Charity Commission if the bid was accepted. Whilst Stroud Town Council supports the bid and will undoubtedly be seeking to work with the Trust, the two bodies are distinct. The proposal is that the Council sells the freehold of the premises to the Town Council for £1 (one pound) which will then grant a full repairing lease of 30 years to the Trust. Whilst the indications are that the Trust or Town Council may be looking for the District Council to help it finalise the terms of the lease, ultimately the terms and conditions would be a matter solely for the Town Council as landlord and the Trust as lessee particularly following the transfer of the freehold to the Town Council.

- 4.2 As with any transfer of the freehold (or a long lease) to any organisation, the Council would want to ensure that existing public rights and title restrictions are not lost and as such would need to impose restrictions on the use of the premises and management covenants to secure the provision of cultural facilities for public benefit; and to protect existing public access and use of the forecourt. Similarly, it should seek to impose controls (for example, overage) to prevent any financial gain being secured by a new owner if the use of the premises were to change in the future (e.g. because the venture proved unsuccessful).
- 4.3 Assuming that the Trust's application to the Charity Commission is successful, the District Council would need to provide the Trust with a grant or subsidy of £450,000 (four hundred and fifty thousand pounds) which will be in addition to other fund raising and a grant of £50,000 (fifty thousand pounds) from the Town Council. This money will be used to "*deliver an arts and cultural experience for all, which will inspire, enrich and entertain*" thereby ensuring that "*Stroud will be recognised nationally for its dynamic approach and excellence in the provision of arts, culture and leisure.*" The Trust refers to enhancing and extending the current arts, culture and leisure offering, although no details are provided of future programming or other activities beyond a general reference to, for example, live events, workshops and the addition of a cinema and video streaming events.
- 4.4 The Council's £450,000 grant or subsidy could be made subject to various conditions for repayment of the funds, but given the absence of any assets (the property would be owned by the Town Council), recovery of the monies if the venture proved unsuccessful would be most unlikely. Action would need to be taken against the individual trustees and they would need to be shown to have breached relevant legal duties as opposed to simply the venture not proving successful.
- 4.5 As noted above, the Trust is a new organisation which has yet to be registered with the Charity Commission. Whilst the experience, expertise and commitment of the current trust committee members which, for example, includes representatives of the Stroud Fringe community interest company, is encouraging, the Task and Finish Group noted that the Trust itself does not have any record of success or assets. Consequently, the viability of the bid can only be based upon the information submitted. The infancy of the Trust makes it difficult to assess the veracity of the income figures particularly when, albeit not surprisingly, it is not possible for events to be programmed.
- 4.6 The proposal anticipates closing the premises for between nine and twelve months to complete renovation works. The Project Manager who has assisted in managing the Subscription Rooms has confirmed that in practice this will mean that in the short term there would be a significant loss of existing business as opposed to a continuation or any improvement in existing business which might be expected if the premises remained open.
- 4.7 The bid specifically excludes provision for existing employee related costs. This is considered an optimistic view for the Trust (and / or the Town Council) at this

stage. If this option is pursued, it is considered that there may well be some element of staff transfer although until a decision has been made by the Strategy and Resources Committee it will not be possible to resolve this unequivocally. The bid also refers to the possibility that the Town Council may be willing to take on the running of the TIC. However, in the absence of any details from the Town Council, the bid has to be considered on the basis that it does not include any provision for the TIC.

4.8 Having considered the business model and the actual and projected financial status of the Trust, the Task and Finish Group consider the bid raises some significant financial concerns. The Accountancy Manager has advised:

- (a) The bid from Stroud Trust proposes a transfer of the freehold of the Subscription Rooms to Stroud Town Council for a nominal sum (£1), with a cash input from Stroud District Council to Stroud Trust of £450,000 (£250,000 for capital works and £200,000 as working capital to provide cash-flow support). In addition and regardless of the legal position regarding staffing costs, the Trust has indicated that the Council will need to fund any financial liabilities associated with employee transfers as well as redundancies. Therefore all relevant staff costs will be incurred by the District Council in practice.
- (b) The 5-year cash-flow forecast included within the bid is considered ambitious when compared to the historic financial performance and therefore presents a potential financial risk to delivery.
- (c) The bid requires income to increase by 92% over the 5-year period (from £490,070 to £872,155), with costs being controlled and increasing by 47% over the same period (£575,680 to £847,558). The cash-flow forecast shows that the Trust does not expect the Subscription Rooms to make a surplus until Year 4, hence the requirement for £200,000 of working capital as part of the bid.
- (d) In terms of income projections, the bid is heavily dependent on Programme income (63% of all operating income in Year 5), with sponsorship, donations and other charitable income forming 12% of operating income in Year 5.
- (e) Stroud Trust has no substantial funding in place and indicates it will raise funds during the initial period of the Subscription Rooms closure through a crowd funding campaign and grants from trusts and foundations. In addition to the £450,000 cash input from Stroud District Council, the bid indicates that Stroud Town Council will provide a grant of £50,000 to fund the post of a fundraiser for the Stroud Trust and also provide working capital to the Trust.
- (f) In terms of Capital expenditure, additional supporting documents provided with the bid indicate a significant shortfall in capital financing of approximately £300,000 over the 5-year period. Given the relative importance of the investment to the Trust's operating model, this clearly represents a significant financial risk to the proposal.
- (g) *The Accountancy Manager's Opinion: Whilst the bid reduces and removes the on-going revenue cost to Stroud District Council, there are concerns about the financial viability of the bid given the unfunded capital investment and operating deficit within the cashflow forecast. The transfer*

of the freehold for a nominal £1 also means the Council would forego any capital receipt for the asset. Given the financial performance risks outlined above, it is considered high-risk given the bid requires significant financial support from Stroud District Council and Stroud Town Council from the outset (£500,000 would be required in Year 1). The forgone capital receipt is of concern, although mitigation could be put in place around any subsequent asset sale or transfer by Stroud Town Council.

- 4.9 It should be noted also that the bid involves a sale of the property to the Town Council for less than the best consideration that can be obtained (as illustrated by the alternative bid received). To legitimately transfer the site to the Town Council, the Committee must be satisfied that the disposal will be in the economic and/or social interests of the district. In the absence of a robust case establishing such, the sale is certainly open to challenge. Unfortunately given the concerns about the financial robustness of the bid, the Task and Finish is not satisfied that such a requirement can be met.
- 4.10 In conclusion the Task and Finish Group recognises the advantages of this bid (namely, it seeks to promote arts and culture across the district; it seeks to retain public ownership of the premises; and provides a way in which the Council's subsidy can be reduced (i.e. from **£300,000** each year to potentially a one-off payment (if all goes to plan) of £450,000)). Nevertheless, taking account of all relevant factors (including the legal requirements and the information provided with the bid), the Group has reached the decision that given the uncertainties and financial risks Bid A presents, it cannot recommend the bid is accepted.

5 Bid B: Submitted by Ecotricity Group Ltd

- 5.1 In summary, the proposal for the use of the building in this final bid, is that the upper floor of the Subscription Rooms is used Monday to Friday office hours for a facility for Ecotricity staff including large meetings and other staff events or rest and relaxation, for which the business does not currently have any scope to do within its existing premises. The bid refers to "*being committed to the continuation of the Subscription Rooms as a live entertainment venue as it is today, with the upper floor ballroom space [being] available for bookings typically on Friday, Saturday and Sunday evenings*".
- 5.2 In respect to the TIC, this is the only option which includes provision for the TIC to remain within the Subscription Rooms; reference being made to "suitable ground floor space" being provided to accommodate the service if that is what the town (or it is assumed the District Council) wants and at no charge (this would be £1 rent in effect to make it enforceable). The remaining ground floor is proposed to be made available for public use in particular, exhibitions, classes, school events as well as other possible uses for which consideration will be given by the new owner.
- 5.3 The proposal involves the transfer of the freehold of the premises from the Council to this well established local company for £300,000 (three hundred thousand pounds) which includes fixtures and fittings. Unlike Bid A, no form of

subsidy or grant is required from the Council and as such purely in terms of reducing the level of subsidy provided by the Council, this is the best option. Further, unlike the Trust bid, this bid is not made on the presumption that no employees will transfer to the transferee.

5.4 The company has experience of running conference / catering and public facilities at Forest Green Rovers in Nailsworth. However, as with Bid A, no detail on the future programme has been included in the bid.

5.5 From a purely financial perspective the Accountancy Manager has advised the Task and Finish Group:

(a) The bid from Ecotricity proposes a transfer of the freehold of the Subscription Rooms for £300,000, with no further cash input from Stroud District Council. In addition, the bid recognises that TUPE applies and accepts the associated financial liabilities.

(b) The bid does not provide detailed cash-flow forecast or details of the operating model that would be followed. Therefore, it is not possible to provide any analysis of the financial risk posed by the bid. However, the operating model outlined in the bid does indicate that the public use of Subscription Rooms would be more limited (principally Friday, Saturday and Sunday evenings) and could be viewed as a reduced financial risk.

(c) *The Accountancy Manager's Opinion: The bid removes the on-going revenue cost to Stroud District Council and proposes a capital receipt of £300,000 for the asset. Subject to further discussions, this would present the lowest financial risk of all bids to Stroud District Council.*

5.6 Although recognising the private bidder's clear commitment and links to Stroud, the Task and Finish Group expressed concern about such a prominent building being transferred into private ownership. Consideration was therefore given to relevant controls to ensure that the public use proposed is secured. In doing so, the Group concluded that it would be appropriate in the case of any transfer of the premises or simply the building (including not limited to the current proposal) for the transfer to be subject to restrictions on the use of the premises and management covenants to secure the provision of arts and cultural facilities for public benefit and to protect existing public access and use of the forecourt. In addition, as an additional precautionary measure (and one which is regularly used when land is sold subject to limits on its use which impair value), overage provisions should apply so that an additional payment would be made to the Council if the building's authorised uses were to change in the future. As previously noted in this report, these types of restrictions would be recommended for a transfer to anybody, whether private or public.

5.7 The Group concludes that out of all the options presented, the two key objectives (i.e. reduce the subsidy and to retain public arts and cultural facilities) set out in the Strategy and Resources resolution of January 2017 are most readily met by this bid because:

- It will not only reduce the level of public subsidy which the Council has to provide, but it will eliminate the subsidy altogether and bring a significant

capital receipt to the Council to support its services to the public, at a time when savings need to be made.

- Despite the understandable concerns about transferring the Subscription Rooms to private ownership, subject to the conditions outlined in the Decision Box being secured, it will be possible to ensure public access to arts and cultural facilities within this prominent building, continues for the foreseeable future.
- The disposal of the premises on the terms set out in the bid is considered to bring with it sufficient social and economic benefits to the area to justify disposal at undervalue (bearing in mind without the arts and cultural uses preferred by the Committee, the value would potentially attract a higher market value).
- It also provides an option of a tourist information service being provided in the building rent free.

5.8 Having conducted a 12 month review which has culminated in the receipt of three bids / options, the majority of the Task and Finish Group recognises the need to reach a conclusion on the basis of the bids received by the Council. Whilst the whole Group has been disappointed that it has not been possible to recommend an option which would also secure the continued public ownership of this asset, for all the reasons outlined and on the basis of a majority Group view, it is this bid which is recommended to the Strategy and Resources Committee.

6 Addendum

6.1 In undertaking its review, the Task and Finish Group has specifically borne in mind the strong views held by some members of the public that the Subscription Rooms should remain in public ownership. Given the Group's conclusion that there wasn't a viable option before it which would retain public ownership without significant risk of public subsidies being required in the medium or long term, consideration was given to the possibility of renegotiating the terms of the bids; and encouraging a joint bid. It was noted however that the bids submitted have followed an extensive period of public advertisement and opportunities to discuss options with the Project Manager. (In respect to the latter, the manager advised that the possibility of joint working between the two bidders (only) resulted in a reference in one relevant bid, namely that of Ecotricity Group Ltd which noted the company had *"liaised with and enlisted support for [its bid] from the Gloucestershire Arts Council and the Sub Community Association, the latter being the representative body of many of the current users and promoters of the Subscription Rooms"* and that if its bid is successful *"it would look to work with these and other interested groups (e.g. the Stroud Trust) in order to sustain and grow community use"*). Consequently, in the interests of fairness and bearing in mind the need to consider the Subscription Rooms as part of the pending budget setting process, final consideration was given to the submitted bids and the recommendations made.

- 6.2 As noted in the opening paragraphs of this report, whilst its terms of reference did not specifically include a review of the TIC, the Group's recommendation does provide the option for the TIC to remain in the Subscription Rooms. Nevertheless, as with all services provided by the Council consideration must still be given to the costs to the Council of providing such a service. The Group highlights the information set out in paragraph 3.4 of this report and recommends to the Strategy and Resources Committee that if it resolves to dispose of the site as recommended in paragraph 1 of the Decision Box, it should highlight the need for the Community Services and Licensing Committee to consider whether the Council should continue to finance that service. Whilst no specific proposals were made as part of the Stroud Trust bid, given the indication that the Town Council might be willing to take on such a service, this option should be investigated. As part of the budget review by the Director of Customer Services, a report on the matter to the Community Services and Licensing Committee is proposed later this financial year.
- 6.3 The Task and Finish Group's recommendation to the Strategy and Resources Committee is the result of several months of work. As planned, this report has been published ASAP and earlier than usual for committee reports, to provide the public and Members of the Council as much time as possible to consider the report.
- 6.4 Finally, out of courtesy, the recommendations have been relayed to the bidders and existing Subscription Rooms staff before the publication of the report which will be considered by the Strategy and Resources Committee at its meeting on 5th December. Their involvement, time and / or effort in preparing the bids, as well as their patience in awaiting the outcome of the review, has been appreciated.

Task and Finish Group (Subscription Rooms)
09.11.17

***Updated 27.11.17 in view of amendments to Financial Implications set out
in covering report***

Ref: LEGAL/CIV1/18

Foot note

ⁱ Please note background papers are included on the Council's website on the Subscription Rooms page at <https://www.stroud.gov.uk/sport-leisure-parks/events-and-things-to-do/subscription-rooms/subrooms-review>; other documents are available via the specified links; otherwise please copy the addresses into your web search box to access the relevant papers on the Council's website.