



London Borough of Enfield

Report Title	Marketing of Millfield House & Theatre and adjoining park land
Report to:	Cllr Anyanwu - Cabinet Member for Public Spaces, Culture and Local Economy
Date of Report:	15 September 2023
Cabinet Member:	Cllr Anyanwu - Cabinet Member for Public Spaces, Culture and Local Economy
Director:	Cheryl Headon – Interim Director of Parks, Leisure & Culture
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Ward(s) affected:	Haselbury
Key Decision Number	KD5637
Implementation date, if not called in:	
Classification:	Part I Public

Purpose of Report

1. This report sets out proposals to place on the open market the Millfield House & Theatre site (but not including the adjoining park land known as St. David's Park) (the property/ site) and to invite bids for a long lease of the property for cultural and community use. This could include use as a theatre. The tenant will be required to retain the existing community library currently located at the site. This report outlines the Councils options and reasons for a preferred recommended marketing option.

Recommendations

- I. Agree to place on the open market the Millfield House & Theatre site and to invite offers for a long lease of the same for cultural and/ or community use.
- II. Agree that the community library currently located at Millfield House will be retained on the site, in a manner and at a location to be agreed by the Council.
- III. Agree the evaluation criteria and weightings to be adopted for the purpose of evaluation of bids as set out in the report.
- IV. Delegate Authority to the Director of Leisure, Parks and Culture in consultation with the Director of Property to agree the marketing material and approach to marketing and authority to amend the criteria and weightings if required for the purpose of aiding the proper and effective operation of the marketing process.
- V. .To note that this matter will be reported to Cabinet once bids have been evaluated.
- VI. To note that consultation will take place during the marketing exercise on the potential impact of any change of existing use.
- VII. To note that any proposed change of use will be subject to any necessary planning permissions and other consents.

Background and Options

2. Millfield Arts Centre was opened as an arts centre in 1979, with the Theatre opening in 1988. Both underwent refurbishment in 2010. The complex is beside the A10 on Silver Street, Edmonton and consists of Millfield House and theatre complex and its outbuildings.
3. Millfield House (Grade II* listed) is currently used by Platinum Arts Academy as a dance and theatre college, the Over 50s Forum and a variety of local arts groups. The house contains dance studios, arts rooms, a sound recording space, a pottery workshop and kiln, and a public library with c15,000pa attendance (many of these are students at the college).

4. Millfield Theatre has a 368-seat auditorium, bar, kitchen and backstage spaces. The Theatre is also available for hire for private events.
5. There are currently no formal lease arrangements in place.

Current Operations

6. In late 2020 Platinum Performing Arts (PPA) moved into Millfield House, and as a trial in 2021 they took on the management of the site, which includes theatre programming and operating the community library on behalf of the council. The purpose of the trial was to explore the potential for revenue savings while maintaining the cultural venue for public and community use. No formal contracts are in place for this arrangement, which currently continues.
7. The theatre programme includes original performances, pantomime, comedy, wrestling, children's shows, popular and arts theatre, music nights, cabaret, karaoke and more, including both professional and community productions and a popular school's dance festival each June.
8. Since PPA took on the responsibility of theatre programming, it sought to better reflect local cultures by expanding to include festivals for local communities including, Greek Arts Festival, Bulgarian Folk and Traditions Event and London Turkish Speakers Theatre Festival. Postcode data indicates that attendance is highly local, with some customers from Haringey and Waltham Forest.
9. Currently, the council pay for the majority of the operational costs, as well repair and maintenance costs, for Millfield House and Theatre. PPA manage the theatre staff, theatre programming and day to day management of the premises – including continuing access to the public for the community library. The current location of the community library is not considered ideal for public accessibility. The income from the theatre programming is split between LBE & PPA, with the level of split varying dependant on the show type.
10. As a result of the commencement of the trial, Cultural Services undertook a service restructure - reducing Millfield LBE staff to a Millfield Manager and Operations Supervisor for a 1-year period and the retained cleaning team of 4 staff.
11. Since 2022, there have been no allocated permanent council staff for the Millfield site beyond the cleaning team. There is a significant team of agency staff that are currently employed to operate the theatre provision, at the cost of the council. It was expected that the restructure would realise a total budget saving but as this was not achieved, there is currently no available Council's budget for the 2023/24 period.
12. There was an expectancy that the long-term future of Millfield House & Theatre would be confirmed within a year of the Culture Services restructure. The ongoing arrangement has continued for almost 3 years, with LBE remaining responsible for the majority of property and

operational costs. Since 2022, the site has operated without any dedicated management resource, relying heavily on agency staff to deliver its theatre programming, with no dedicated budget.

13. PPA runs a performing arts college at Millfield House and enrol approximately 34 students per annum. There is an additional 300 students who attend weekend and evening dance school, as well as a further community who interact with PPA's Community Outreach programme. The council is not responsible for any aspect of these provisions.

Options

14. As stated above, there is currently no budget in place for the management or maintenance of the site. The annual net cost for 2022/23 was £597k, as set out in the financial implications. This arrangement is unsustainable.
15. The future of the site needs to be determined as soon as possible, with the available options having been considered being:

Option A - Do Nothing

16. The current arrangement has no formal lease or contract in place and cannot continue in this way. Doing nothing is not a sensible option and cannot be recommended.

Option B - Cease use of site for cultural use and dispose of property

17. By disposing of the site, the annual budget pressure would be removed and sale of the freehold of the property on the open market could generate a capital receipt of upwards of £3.5m to £4.5m, depending on the use/redevelopment.
18. Disposal of the site would mean the Council would relinquish its interest in site completely and would have no rights over the nature of the use, other than through the planning process, although community and cultural use providers could bid for the site.

Option C - Market a full repair and insurance lease of the property on an open market basis without any use restrictions

19. By granting a full repair and insurance lease of the site, the annual budget pressure would be removed, and an annual rental income would be achieved.
20. It is considered that community use groups interested in the property could include cultural users as well as religious groups. The Council would be likely to achieve a higher rental income if the property was marketed without any use restrictions, but it is also likely that the highest bidder would not use the property for a cultural/community use. It could also lead to the closure of the community library at this location although it could be re-provided at another location by the Council if necessary.

Option D - Market a full repair and insurance lease of the property on the open market requiring a cultural/community use and library.

21. By granting a full repair and insurance lease of the site whilst restricting use to a cultural/community use and library, the annual budget pressure would be removed, although rental income could be significantly reduced due to the restricted use requirement. As the current location of the community library is not considered ideal, bidders will be invited to consider relocation of the library within the site and/ or improving access to the current library.
22. It will be important that cultural/community use is defined within the marketing particulars. A cultural use could make reference to the arts and improvement of knowledge and skills. A community use could make reference to furthering the social wellbeing or social interests of the local community. The Localism Act 2011 states that 'social interests' include cultural, recreational, and sporting interests. The offers being sought will include offers for the continued use of the theatre building as a theatre and offers for the use of the theatre building to be used for an alternative cultural or community use other than as a theatre. This could, for example, include a place of worship or place of prayer, a sporting or play venue or any other type of cultural or community use.
23. It is considered that this option would limit objections from stakeholders and the local community but would be likely to have a significant adverse impact on the income that would otherwise be achieved by an unrestricted disposal by way of lease or sale.

Preferred Option and Reasons for Preferred Option

24. Feedback from councillors is that it is important the local authority does everything it can to retain the freehold interest. The preferred option is Option D above - to market a full repair and insurance lease of the site, excluding the caretakers lodge and the adjoining park land known as St. David's Park. A plan of the proposed lease area is attached at Appendix 1. The marketing of the site is to include the requirement for a cultural/community use, and for a library to be retained on site. It is proposed that the marketing process will be managed by a property agent with expertise in community/cultural uses.
25. Bidders will be required to submit a rental offer for the site, along with a detailed proposal for the intended use of the site, which should specify how the cultural/community use will be delivered. Bidders will also be invited to set out proposals to relocate or improve accessibility of the community library within their bids. The council will welcome the consideration of relocating the library from its current location, to improve accessibility. For clarity, it is not intended that the caretakers lodge or park be included in the lease.
26. Due to financial institutions current preferences for longer commercial leases, advice from marketing specialists has been sought which recommended that, a lease term of up to 30 years, with the opportunity for development breaks, should be marketed. The property will be marketed for a period of 4 weeks.

27. Once the marketing period has been completed, if bids received propose a culture or community use at the property which does not include a theatre (meaning that the current theatre might cease to be used as a theatre) a public consultation, concerning closure of the theatre, will take place.
28. Following the marketing period and consultation (if required), officers will assess bids against an agreed evaluation scoring matrix. The following evaluation criteria and weighting will be used in the evaluation of bids:
- Rental offer (40%)
 - Deliverability of proposal and business plan (20%)
 - Experience in proposed cultural/community use (20%)
 - Cultural/community proposal and improved library accessibility proposal (20%)
29. Upon completion of the evaluation of bids, officers will report the outcome of the process to Cabinet, recommending a preferred bidder.
30. It is anticipated that this option would result in the alleviation of the budget pressure for the council, whilst ensuring the site retains use and accessibility for the local community.

Relevance to Council Plans and Strategies

Priority 2 - Strong, healthy, and safe communities

31. By retaining a cultural/community use at the site it will continue to provide opportunities to socially connect residents which will play a vital role in influencing people's physical and mental health and wellbeing.
32. By retaining a community library on site, a library service will continue to be provided locally.

Principle 3 - Financial resilience

33. By removing the budget pressure by letting the property, whilst retaining use of the property for cultural services, this will help support investment in other council services over the long-term.

Financial Implications

34. The annual Millfield revenue net cost to the Council over the last 5 years was as shown in the table below (£1.926m cumulative). Within this, the annual revenue net cost for 2022/23 was £597k. As there was no budget to cover this, the overspend had to be covered from the council's reserves.
35. The Council has no budget for Millfield, which is unsustainable in the current financial conditions and is against the core LBE financial

management principles of having sustainable and transparent budgets. Therefore, this report sets out proposals to place the Millfield House & Theatre complex on the open market and to invite bids for a long lease of the property for cultural and community use, which is aimed at relieving the Council of the current budget/financial pressures.

36. The Millfield budget pressure of circa £504k in the 2023/24 forecast is contributing to the Council's overall forecast adverse variance of £25.819m, which was reported to Cabinet in respect of financial year 2023/24 as at period 3 on 13 September 2023.

		2018/19	2019/20	2020/21	2021/22	2022/23
		£000s	£000s	£000s	£000s	£000s
Expenditure	Employee Costs	£479	£445	£556	£327	£338
	Supplies and services	£775	£731	£263	£464	£577
	Other Operating Costs	£190	£127	£57	£40	£236
Expenditure Total		£1,443	£1,303	£876	£831	£1,151
Income	Ticket Sales, Venue Hire, Bar Sales and Other	-£1,050	-£929	-£67	-£388	-£553
	Grants & Contributions	-£43	£0	-£535	-£114	£0
Income Total		-£1,093	-£929	-£602	-£502	-£553
Net (Expenditure v Income)		£351	£374	£275	£329	£597
Budget		-£82	£77	-£49	£37	£0
Variance		£432	£296	£324	£292	£597
		Deficit	Deficit	Deficit	Deficit	Deficit

37. If the recommendations are agreed, then it is anticipated that the council will issue a long lease on the complex to a third party who will then take on the responsibilities of managing and maintaining the site, with the expectation that the cost of this would be able to be passed in full to that operator.

38. If the building were to be closed, then while cleaning, theatre staffing and related costs could be avoided (along with any income), there would however be residual costs relating to repairs, business rates and security costs which would continue to place a budget pressure on the council.

Legal Implications

39. Section 123(1) of the Local Government Act 1972 enables a Council to dispose of land held by them. This includes the grant of a lease. Section 123(2) of the Act provides that a Council shall not dispose of land under this section for a consideration less than the best that can reasonably be

obtained. This will have to be adhered to in the context of the proposed use.

40. As the former caretakers Lodge - which forms part of the wider Millfield Site – is not to be let, the lease to be granted will need to reserve easements (including rights of way over the property to be let and rights to run services through the property to be let) for the benefit of the occupier of the former Caretakers Lodge.
41. Reference is made in the report to PPA and the Over 50s Forum (and possibly other occupiers) occupying parts of the site to be let. These occupational arrangements will have to be brought to an end before the lease is granted to the new tenant, subject to any necessary consultation.
42. Any disposal of property envisaged by the subject matter of this report must comply with the Council's Constitution, including the Property Procedure Rules.
43. The Council has a statutory duty to provide a comprehensive and efficient library service to residents. Therefore, if the Council decides on a proposed relocation of the library the Council must be satisfied that the relocation will not adversely affect library service provision in the borough.
44. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) may occur if a business transfer or a service provision change is deemed to take place. It is too early to know if TUPE will apply as this will depend on how the site will be used. If TUPE does apply then the Council must ensure that adequate time is allowed for consultation and to take any measures in connection with it in order to fulfil its obligations under TUPE. The Council must also have regards to the Best Value Authorities Staff Transfers (Pension Direction 2007) in the transfer of any affected employees under TUPE. There could be a small number of staff redundancies if TUPE does not apply and the cost of this would be factored into the financial assessment.

Equalities Implications

45. In making this decision the Council must consider the Public Sector Equality Duty (PSED) under Section 149 of the Equality Act 2010. This Act creates a public sector equality duty which requires that when the Council makes decisions it must have regard to the need to: (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act (b) Advance equality of opportunity between people who share a protected characteristic and those who do not (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation marriage and civil partnership. It is not known at this stage what, if any, impact any proposed change of use or occupier would have on people with protected characteristics and this will be taken into account by officers

and members when deciding which bid to recommend and which bid to accept.

HR and Workforce Implications

46. There could be a possibility that the above proposal would constitute a service provision change under the Transfer of Undertakings (TUPE) 2006 regulations.

Property Implications

47. There is currently a public Library based on site, so any lease to a third party may require the continued presence and operation of a public library.
48. Further implications may arise when the recommended lessee is identified, and a further report is issued.
49. All property procedure rules should be adhered to in the disposal of this site.
50. The tenant will be responsible for all repairs and maintenance of the buildings and structures. The successful bidder will need to ensure all repairs, maintenance and any changes take into consideration planning use class, the listed nature of the site and any designation in the local plan.
51. All relevant compliance-related activities will need to be put into place for these assets and appropriate contracts for servicing activities may be required. All works should be compliant with relevant legislation including CDM and Building Regulations. An inventory list of any materials procured and produced will need to be kept. In the event of failure, appropriate arrangements will need to be made for these supplies to be retained and secured for the Council until a decision is made on how best to dispose of them.

Environmental and Climate Change Implications

52. Environmental and climate change implications will be considered in the next report to members when the preferred bidder will be recommended.

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Appendices

- Appendix 1 – Plan of proposed lease area
Appendix 2 – Evaluation scoring guidance