

Meeting: Council

Date: 21st June 2018

Wards Affected: All Wards

Report Title: Future of Oldway Mansion

Is the decision a key decision? Yes

When does the decision need to be implemented?

Executive Lead Contact Details: Elected Mayor Gordon Oliver, Elected Mayor and Executive Lead for Assets, Finance, Governance and Corporate Services, Economic Regeneration and Transformation, mayor@torbay.gov.uk

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1. Proposal and Introduction

1.1 On 22nd September 2016 the Council established the Oldway Mansion and Estate Working Party (Minute 72/9/16 refers). Council also agreed that the membership of the Working Party should include community representatives. The terms of reference for the Working Party are set out below:-

1. to review any condition surveys for buildings on the site;
2. to review proposals for use of buildings and grounds;
3. to ascertain community views in respect of these matters; and
4. to make recommendations about how future use of building should be taken forward.

1.2 Following a procurement exercise, DCA Consultants were appointed (funded from the Oldway Mansion Reserve). The brief given to DCA was to produce an options appraisal for the future use of Oldway Mansion and Estate, which could be given further consideration by the Working Party, with a view to making recommendations to Council.

1.3 A Working Party meeting was held on 19th April 2018 at which DCA Consultants presented their draft options appraisal report. The Working Party agreed to accept the draft proposals and indicated that they would be supportive of the final report.

- 1.3 An all Members briefing was then held on 8th May 2018 to present the draft options appraisal report (attended by 21 members and the Elected Mayor) and DCA Consultants explained that they had worked closely with a range of community stakeholders to develop options.
- 1.4 At the most recent meeting of the Oldway Mansion and Estate Working Party, held on 22nd May 2018, the final report from DCA Consultants was considered (attached as Appendix 2) and the Working Party broadly agreed to accept the recommendations set out in the DCA report. Consequently the Working Party determined to make recommendations, some of which by their nature are to the Elected Mayor and others to Council. Their recommendation to Council is set out in section 3 below.
- 1.5 On 4 June 2018 the Elected Mayor considered the Working Party and the officer recommendations at the Policy Development and Decision Group (Joint Operations). The Elected Mayor published his decision on 11 June 2018. Part of this decision was called in for scrutiny at the Overview and Scrutiny Board held on 13 June 2018. Any recommendations arising from that call-in will be included in a separate report to this meeting of the Council, if necessary.

2. Reason for Proposal

- 2.1 To provide Council with the recommendation put forward by the Oldway Mansion and Estate Working Party.
- 2.2 To provide Council with the recommendation put forward by officers, which have the support of the Elected Mayor.

Recommendations

3. Working Party Recommendation to the Council

- 3.1 That the urgent repairs and limited improvement works identified in Phase 1 of the restoration project be immediately developed and commissioned, up to the amount of £2 million as shown in the DCA report and to seek further approval from Council if these costs are likely to be exceeded.

4. Officer Recommendations

- 4.1 Due to the severe financial challenges facing the Council, the Council's Senior Leadership Team cannot recommend a significant financial commitment prior to the process of setting the 2019/20 budget. Officers therefore urge the Council to be realistic and transparent in what is likely, or is not likely, to be affordable, in respect of Oldway. It is therefore recommended:
 - (i) That a dual track and phased approach to the future of Oldway Mansion, Oldway is taken in the interim in line with the decision of the Elected Mayor dated 11 June 2018; and
 - (ii) That the Oldway Mansion and Estates Working Party be disbanded and the members of the Working Party be thanked for all their work in helping to develop options for the future of Oldway Mansion and Estate.

Appendices

Appendix 1 - Supporting Information

Appendix 2: DCA Consultants Report – Oldway Mansion – Options Appraisal

Background Documents

<http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CIId=163&MID=6615>

Appendix 1 - Supporting Information

Section 1: Background Information	
1.	<p>What is the proposal / issue?</p> <p>Following the Council's decision to move out of Oldway Mansion in 2013, the building and grounds have suffered from a lack of maintenance and investment. The Council therefore needs to decide what it wishes to do with the site and this report sets out options for Members' consideration.</p>
2.	<p>What is the current situation?</p> <p>Oldway Mansion, a large house, is listed Grade II* and there are a further 11 listed buildings and structures on the site including the Rotunda (a two storey plus lantern circular stables and exercise building). The concentration of listed buildings and artefacts is unique in Torbay. The gardens which extend to the south and east of Oldway are individually registered Grade II and are included on the Historic England Heritage at Risk Register. The site is surrounded by residential development, largely concealed from view, and, on the south side, is abutted by Oldway Primary School.</p> <p>The Council had previously disposed of the site to a developer to create a boutique hotel with some enabling residential development but this was not realised.</p> <p>The Council is now left with dilapidated buildings in urgent need of repair and therefore a decision needs to be taken about what to do with the site.</p> <p>In the wider context, the Council is committed to creating a prosperous and healthy Torbay and is working on delivering its priorities as outlined in its Corporate Plan. Despite making large amounts of savings in recent years, the significant financial challenges facing the Council remain. In particular, the Government has not yet made any funding announcements for 2020/21 or 2021/22. The year 2020/21 will be the first year after the current four year settlement for councils and the first year after the central government Spending Review of 2019. It is assumed that central government will still aim to reduce total spending in local government.</p> <p>Recently Council has approved borrowing for both Torre Abbey and a Paignton Public Realm scheme where the costs are likely to be a future revenue budget pressure. Any commitment to fund capital expenditure should be directly linked to future year budget proposals and their affordability, especially given the cumulative impact of any additional unsupported long term borrowing costs.</p> <p>Therefore, the Council must continue to ensure that it uses its reducing resources to best effect. In terms of its Capital Plan, any capital resource that would be required to carry out works to Oldway Mansion and Estate would need to be met from external bids (which are likely to need match funding) or from prudential borrowing (which would either need an associated income</p>

	<p>stream or funding from the existing revenue budget, to meet the costs of borrowing).</p>
<p>3.</p>	<p>What options have been considered?</p> <p>The DCA report outlines capital expenditure of up to £15m. At this stage the funding options are considered by officers to be speculative. If the project advances as outlined in the report, the Council's commitment is at least £3m of unfunded borrowing with an ongoing revenue cost to the Council and is subject to other funding of £12m being identified. This is a very challenging assumption.</p> <p>The report outlines future potential income streams from admissions, merchandise and events, which again are challenging, in particular if compared to say the current levels of admission income and rent being achieved at Torre Abbey. The options for the funding of any future maintenance liabilities and future management of the asset, possibly by, a community interest entity will also require careful consideration.</p> <p>The Working Party made a set of recommendations which were considered by the Elected Mayor together with the officer recommendations at the meeting of the Policy Development and Decision Group on 4 June 2018. The Elected Mayor published his decision on 11 June 2018, in respect of the matters that were Executive matters.</p> <p>There remains one recommendation from the Working Party, which is a Council function, as set out below:</p> <ul style="list-style-type: none">• That the repairs and limited improvement works identified in Phase 1 of the restoration project be immediately developed and commissioned, up to the amount of £2 million as shown in the DCA report and to seek further approval from Council if these costs are likely to be exceeded. The £2m will need to be funded from prudential borrowing and/or external grants or donations. Interest and repayment costs of up to £120k per annum would need to be met by the revenue budget if the full £2m were to be borrowed. This presents a future year budget pressure that will need to be funded by reductions in other council services and/or additional income. <p>Further details of this option are set out in Appendix 2 to this report (DCA Consultants report "Oldway Mansion – Options Appraisal").</p> <p>Officer Recommendation</p> <p>The Council's Senior Leadership Team cannot recommend a significant financial commitment prior to the process of setting the 2019/20 budget. This is due to the severe financial challenges facing the authority and officers therefore urge the Council to be realistic and transparent in what is likely, or is not likely, to be affordable, in respect of Oldway. A dual track and phased approach in the interim is therefore recommended in line with the decision of the Elected Mayor dated 11 June 2018</p>

	<p>The Senior Leadership Team also recommend that the Oldway Mansion and Estates Working Party be disbanded and the members of the Working Party be thanked for all their work in helping to develop options for the future of Oldway Mansion and Estate.</p> <p>Alternative Options</p> <p>An immediate freehold or long leasehold disposal could be considered as the asset is no longer required for service delivery. Over recent months a number of suitable agents have visited the site and have provided the Executive Head of Assets and Business Services with an indication of the range of values that it is felt could be achieved, either by sale on the open market or via auction. However, the option of immediate disposal was not considered appropriate at this time, given the need for some immediate management of the dry rot outbreak.</p> <p>Further alternative options such as discussions with the National Trust or similar organisation have not been pursued due to the current condition of the buildings. Previous discussions with the National Trust in relation to other Council assets have indicated that the property would need to be in a good state of repair, have a credible business plan in place and that a sizeable dowry would also need to be provided by the Council. The investment needed to pursue this option is not believed to be best use of the Council's resources. In addition, this highlights that it is also not likely to be best use of resources for the Council to invest in the Oldway Mansion and Estate without a credible business plan to meet the costs of the borrowing required.</p>
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan?</p> <p>Due to the severe financial challenges facing the Council, the Council's Senior Leadership Team cannot recommend a significant financial commitment prior to the process of setting the 2019/20 budget, to do otherwise is arguably not making best use of our limited and reducing resources – a principle of the Corporate Plan.</p>
<p>5.</p>	<p>How does this proposal contribute towards the Council's responsibilities as corporate parents?</p> <p>Not applicable</p>
<p>6.</p>	<p>How does this proposal tackle deprivation?</p> <p>At this stage, it is unknown whether any of the proposals would tackle deprivation.</p>
<p>7.</p>	<p>How does this proposal tackle inequalities?</p> <p>At this stage, it is unknown whether any of the proposals would tackle inequalities.</p>

8.	<p>How does the proposal impact on people with learning disabilities?</p> <p>At this stage, it is unknown whether any of the proposals would impact on people with learning disabilities.</p>
9.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>Any Council decision regarding Oldway Mansion and the Oldway Estate will affect the 'Friends of Oldway', the Oldway Mansion and Estates Working Party, local Ward Councillors, other local groups and stakeholders, as well as Torbay residents and visitors.</p>
10.	<p>How will you propose to consult?</p> <p>Meetings have been held with the 'Friends of Oldway' and other local stakeholders. Membership of the Oldway Mansion and Estate Working Party included community representatives and working party meetings were attended by a number of Councillors. A number of local groups, stakeholders and members of the public were able to contribute towards discussion on future options and the outcome of the DCA Consultant's report. DCA Consultants provided a briefing to all Members (attended by 21 Councillors and the Elected Mayor) with the findings of their report.</p>

Section 2: Implications and Impact Assessment

11.	<p>What are the financial and legal implications?</p> <p>Any proposals for capital expenditure using prudential borrowing, without a compensating income stream, has an ongoing financial commitment. For a scheme such as the proposed restoration of Oldway the borrowing costs will be a future budget pressure. Members are reminded that the Council's Medium Term Resources Plan (MTRP) is forecasting a requirement for £15m of budget reductions over the next three years. After a decade of "austerity" options for either reducing expenditure or increasing income are increasingly limited. The Section151 officer is increasingly concerned that the number of capital schemes requiring ongoing support for the borrowing costs is having a cumulative impact on affordability. Recently Council has approved borrowing for both Torre Abbey and a Paignton Public Realm scheme where the costs are likely to be a future revenue budget pressure. Any commitment to fund capital expenditure should be directly linked to future year budget proposals and their affordability.</p> <p><u>Oldway Mansion – Options Appraisal - DCA Consultants Report</u></p> <p>The DCA report outlines capital expenditure of up to £15m. At this stage the funding options are considered by officers to be speculative. If the project advances as outlined in the report, the Council's commitment is at least £3m</p>
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	<p>of unfunded borrowing with an ongoing revenue cost to the Council and is subject to other funding of £12m being identified. This is a very challenging assumption. The report outlines future potential income streams from admissions, merchandise and events, which again are challenging, in particular if compared to, say, the current levels of admission income, sales and rent being achieved at Torre Abbey. The options for the funding of any future maintenance liabilities and future management of the asset, possibly by, a community interest entity will also require careful consideration.</p> <p>The Working Party Recommendation</p> <p>This option will require funding of up to £2m to enable the Phase 1 repairs. This would need to be funded from prudential borrowing but it could be partially offset by income generated from a pop up café. These costings are set out at section 6.4 and section 7 of Appendix 2.</p> <p>Recently Council has approved borrowing for both Torre Abbey and a Paignton Public Realm scheme where the costs are likely to be a future revenue budget pressure. Any commitment to fund capital expenditure should be directly linked to future year budget proposals and their affordability, especially given the cumulative impact of any additional unsupported long term borrowing costs.</p> <p>The Officer Recommendation</p> <p>The officer recommendation does not commit the Council to any further revenue spend and it is the view of the Senior Leadership Team that a decision to commit the Council to significant ongoing revenue costs should be taken when the future financial position of the Council is more certain.</p>
<p>12.</p>	<p>What are the risks?</p> <p>The Working Party Recommendation</p> <p>There is a risk that any future income generated from a renovated Oldway site does not match the associated cost of running the asset and therefore it will require an ongoing subsidy. Any ongoing subsidy (which would need to be met from the Council's revenue budget) would be at the cost of other services and the Council would need to determine its priorities accordingly.</p> <p>A decision to undertake repair works now will mean that that investment (circa £2m) will not be considered as eligible match funding in future bids. It would be more appropriate to undertake such expenditure in line with an associated bid for external grant funding such as the HLF.</p> <p>Any commitment to fund capital expenditure should be directly linked to future year budget proposals and their affordability, especially given the cumulative impact of any additional unsupported long term borrowing costs.</p> <p>The Officer Recommendation</p> <p>There is a risk that the Council continues to spend money on the running costs of Oldway Mansion and Estate (currently circa £140k per year) and that</p>

	<p>the eventual decision is to dispose of the asset in any event. Further abortive costs will be incurred if the Council determines not to implement the repair and improvement works, having undertaken further surveys and investigations.</p>
13.	<p>Public Services Value (Social Value) Act 2012</p> <p>Officers will follow the Council's Financial Regulations and Contracts Procedures in respect of any contracts entered into to ensure that the Council is compliant with the Public Services Value (Social Value) Act 2012 in consultation with the Head of Finance and Procurement Team.</p>
14.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>The Council commissioned DCA Consultants to carry out a full options appraisal of the site and their report is set out at Appendix 2 to this report.</p>
15.	<p>What are key findings from the consultation you have carried out?</p> <p>The consultations carried out have demonstrated that there is clear and enthusiastic support for the renovation and re-opening of the Mansion to the public and for holding events on the site and within the building. Further details of the outcome of the consultation can be found in section 3.1 of Appendix 2.</p>
16.	<p>Amendments to Proposal / Mitigating Actions</p> <p>The DCA Consultants report has been developed following discussion with various groups.</p>

Equality Impacts

17.	Identify the potential positive and negative impacts on specific groups		
	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people	Bringing Oldway Mansion back into use will have a positive impact on both younger and older people as both will be able to use the site for events and recreational activities.		
People with caring Responsibilities			There is no differential impact.
People with a disability	The Council/Community Interest Group will ensure that the site is DDA Compliant and enables access to all who wish to use it.		
Women or men			There is no differential impact.
People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			There is no differential impact.
Religion or belief (including lack of belief)			There is no differential impact.
People who are lesbian, gay or bisexual			There is no differential impact.
People who are transgendered			There is no differential impact.
People who are in a marriage or civil partnership			There is no differential impact.
Women who are pregnant / on maternity leave			There is no differential impact.
Socio-economic impacts (Including impact on child			There is no differential impact.

	poverty issues and deprivation)			
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			There is no differential impact.
16	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	None		
17	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	None		