

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
COUNCILLOR FRADLEY	TOURISM AND LEISURE COMMITTEE	2 NOVEMBER 2017	4
LYTHAM HALL RESTORATION PROJECT: PROGRESS TOWARDS A NEW HLF BID			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The report provides a further update to the committee on progress against the recommendations approved in respect of the Lytham Hall Restoration Project. The council's interest remains focused on facilitating a renewed Heritage Lottery Fund (HLF) bid for the restoration of the Hall, only through a new bid will Lytham Hall be fully restored. The £300,000 capital grant the council contributed towards the HLF bid in 2012 was to achieve the restoration of Lytham Hall, this remains a priority for the council.

The progress report covers the seven week period since the T&L Committee on September 7th 2017 during which time Councillor Fradley has held a number of meetings with key stakeholders including Heritage Trust North West (HTNW) and Lytham Town Trust (LTT). Councillor Fradley has been supported by the Chief Executive and the report includes views, opinions and conclusions based on the conversations held and any supporting evidence provided.

RECOMMENDATIONS

1. That the committee confirm the priority is to secure a new bid to the HLF for the restoration of Lytham Hall by the most effective means possible working with all relevant partners and request that Councillor Fradley focuses on achieving this.
2. That the committee note some progress has been made by HTNW to address the recommendations made by this committee and the Moore Stephens report with the introduction of new leadership, governance and financial arrangements at Lytham Hall.
3. That the committee request any new HLF bid for the restoration of Lytham Hall includes direct engagement by the nominated elected member from the T&L Committee.

SUMMARY OF PREVIOUS DECISIONS

September 7th 2017 Tourism & Leisure - Lytham Hall Restoration Project: Progress Report
 June 22nd 2017 Tourism & Leisure – Lytham Hall Restoration Project: Rebuilding the Project
 March 9th 2017 Tourism & Leisure – Lytham Hall Restoration Project: Independent Audit Report
 November 3rd 2016 Tourism & Leisure - Lytham Hall Restoration Project: Capital Grant Monitoring Report
 November 12th 2015 Tourism & Leisure - Lytham Hall Restoration Project: Capital Grant Monitoring Report
 January 7th 2015 Tourism & Leisure – Lytham Hall Restoration Project: Progress Report: Coastal Revival Fund
 January 15th 2014 Cabinet - Lytham Hall Restoration Project: Capital Grant Monitoring Report
 June 27th 2012 Cabinet - Lytham Hall Restoration Project: Capital Grant Monitoring Report
 June 28th 2011 Cabinet - Lytham Hall Restoration Project: Capital Grant Approval
 March 28th 2011 Full Council – Lytham Hall Restoration Project: Capital Grant Request
 March 23rd 2011 Cabinet – Lytham Hall Restoration Project: Capital Grant Request

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	
Working with all partners (Vibrant Economy)	√
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	√
Promoting Fylde as a great destination to visit (A Great Place to Visit)	√

REPORT

- At the Tourism & Leisure Committee on September 7th the following recommendations were agreed:
 - To advise the Heritage Trust North West (HTNW) that the committee has no confidence that it can establish, lead or be involved in a new project team that will deliver a successful Heritage Lottery Bid for the restoration of Lytham Hall.
 - To investigate the option of making a bid with partners to the HLF Resilience Fund and also investigate the feasibility of establishing an appropriate accountable body or structure e.g. a Community Interest Company to make the full bid for the restoration of the Hall.
 - To support Fylde Council acting as the 'Accountable Body' for any future HLF bids
 - To require HTNW to be more transparent about their financial matters with regard to Lytham Hall and act on the findings of the Moore Stephens report.
 - To reserve the right to undertake further investigation and/or seek to legal advice to reclaim all or part of the £300,000 capital grant.
 - To reserve the right to report the matter to the Charity Commission if deemed necessary.
 - To make appropriate arrangements for a progress/standing report relating to the Lytham Hall Restoration Project to be included on the agenda at each meeting of the committee.
- On September 12th 2017 HTNW published changes to the management structure, governance and leadership at Lytham Hall that can be viewed on the website at [this link](#) and is reproduced in Appendix 1 to this report. Some of the proposed managerial, governance and leadership changes announced are consistent with recommendations made by this committee and the Moore Stephens report i.e. new management at the Hall, new financial procedures.
- On Friday October 6th 2017 a meeting was held at HTNW offices to view the financial records, discuss the recommendations passed by the T&L committee and the implications of the managerial changes announced at Lytham Hall. Financial records were made available for inspection and HTNW produced a substantial volume of records that had been used to prepare fourteen individual grant claims to the Heritage Lottery Fund. Each claim was accompanied by supporting documentation in the form of photocopies of invoices for goods and services, an analysis of the allocation of overheads and volunteer timesheets. A sample from two of the fourteen claims made to the HLF were examined in detail and the supporting documentation confirmed the substance and value of each of the two claims examined. It was explained that each claim undergoes a rigorous audit by the HLF before any grant monies are paid to HTNW, as is usual for all lottery-funded projects.
- As previously reported to this committee in the independent Fact Finding Report commissioned through Blackpool Council the funding arising from each separate source has not been accounted for separately. Consequently it is not possible to determine specifically what the £300,000 grant from Fylde Council (or any other grant) has been spent on. Rather it has been used as part-funding to support the whole of the restoration project, along with the HLF grant and other funding. This point is made in the Fact Finding Report prepared by the Blackpool Council Audit Service and presented to this Committee in March 2017 (paras 2.4.6 and 2.4.7 refer).
- Whilst the committee has reserved the right to seek legal advice in respect of the £300,000 grant and this remains on record from the minutes of the meeting held on September 7th 2017 the focus should at present

remain on working with all partners to secure a new HLF bid that will deliver the full restoration of Lytham Hall and therefore meet the original objective of the grant.

6. At the meeting with HTNW it was stated that from September 12th 2017 Mr Miller was no longer involved in the Lytham Hall Restoration Project in any capacity, and from October 1st Mr Miller stepped down as the Chief Executive of HTNW. Mr Turner provided an Extract from Minutes of the Trustees' Meeting held on Tuesday October 10th 2017 at Pendle Heritage Centre which provided confirmation that Mr Miller no longer has any responsibility for the financial arrangements at Lytham Hall. Mr Miller remains as an advisor to HTNW whilst a replacement Chief Executive is appointed but with no involvement at any level in Lytham Hall.
7. In accordance with the recommendation approved by the committee on September 7th 2017 HTNW were advised by Councillor Fradley that the council had lost confidence in their ability to deliver a revised bid to the HLF. This was primarily because of the lack of evidence provided to support any of the changes proposed in leadership, governance and financial management at the September committee. However, this does not necessarily exclude HTNW from engagement in, or making, any future bid to HLF. The recommendation was the view taken by the committee based on the report before them but there is every intention to continue to hold dialogue and engage with all viable partners including HTNW as the current tenants.
8. Work is currently in progress to investigate various options to establish a suitable board, committee or group that would apply to the HLF Resilience Fund to secure a grant to support the submission of a new restoration bid for Lytham Hall. The options include investigating proposals with different partners, including HTNW, which at this stage requires further discussion with some of the partners as well as a viability assessment of the options. A further update on the work to establish a body that can submit a new bid will be provided to the committee at the January 2018 meeting.
9. The council is prepared to act as accountable body for both the Resilience Fund bid and any future major HLF bid for the restoration of Lytham Hall. The HLF supports and advocates local authorities acting as the accountable body for projects because of the need to comply with CIPFA (Certified Institute of Public Finance Accounting) regulations that have rigorous accountability and transparency. Acting as the accountable body for a project secures financial transparency but does not mean that the council will be the lead organisation for the project and indeed the council is not best placed to be the lead on a restoration project for Lytham Hall.
10. HTNW complying with the recommendations of the Moore Stephens Report is one of the conditions the HLF has required before considering any further lottery bid led by HTNW. The committee's representative will liaise direct with HLF to ensure they are satisfied with the measures taken by HTNW to address the recommendations in the Moore Stephens report (commissioned by the HLF). When the HLF confirm they are satisfied that the necessary actions have been taken the council will be able to have confidence that any bid to HLF involving HTNW can progress more effectively. HLF have confirmed that progress against the Moore Stephens Report is being monitored and have provided the following statement through their representative Nathan Lee after the most recent meeting with John Turner from HTNW:

"I am happy to let them (the T&L Committee) know that we have met and that, whilst we (HLF) need a detailed response to the Moores Stephens report, we are convinced of your (HTNW) commitment to reviewing your governance and establishing HTNW to be in a renewed position to be able to seek a significant project delivery grant, including, if appropriate, for Lytham Hall."
11. Further information has been sought about the announcement made by HTNW on September 12th in particular the governance, management and leadership at Lytham Hall along with the establishment of the 'independent Lytham Hall Foundation'. In order to determine whether the changes support the recommendations made by the committee evidence has been requested from HTNW, in particular the role and responsibility of the two newly appointed managers.
12. The Lytham Hall Foundation was announced as a 'new charitable trust' that will ensure 'all donations and grants to the hall will be paid into..... and only dispersed exclusively for projects and restoration at Lytham Hall itself.' The purpose of the Trust is to bring 'complete transparency' to the financial management of any future works. Mr Turner confirmed that the 'charitable purpose will be to fundraise for and on behalf of the Lytham Hall project and grant monies to the project for works or initiatives bought to the Foundation by the project team. This will be a defined fund for the benefit of the Lytham Hall project. Trustees of the Foundation

will be local, and independent with HTNW and no other body or organisation having a place on the board of trustees as of right. The Trustees will be responsible for allocating funds, releasing and then monitoring spend'. It was announced that the new foundation has five local members / trustees and a request has been made for the names and the selection process.

13. A General Manager was appointed by HTNW as part of the leadership and governance changes announced, the roles and responsibility of the post have been requested. The post holder is Councillor Peter Anthony who has demonstrated passion and energy for Lytham Hall for several years and has led the transformation of the catering and events offer at the Hall demonstrated by the increased income and footfall leading to a reduction in the annual operating deficit. Whilst this demonstrates progress in respect of the revenue account the focus of the committee recommendations is a new capital bid to the HLF.
14. In preparation for this progress update to the committee HTNW have been asked to provide evidence of changes made and actions taken, the same request had been extended ahead of the previous progress report. HTNW shared a large number of documents many of which were relevant to the previous HLF bid, the challenges with that bid and an attempt to redraft a further bid in May 2016 which was unsuccessful. The documentation demonstrates that there is a comprehensive body of existing information that would contribute to any future HLF bid. Confirmation has also been provided that the HTNW Board meets at regular intervals, minutes are taken and published.
15. A meeting was held with Lytham Town Trust (LTT) on Thursday October 12th 2017 to continue discussions over their potential role and responsibilities in any future bid to the HLF and to maintain dialogue with one of the key partners responsible for the Hall. LTT confirmed that they are prepared to work with all partners to support a future bid and have put in place new representatives to engage with HTNW.

IMPLICATIONS	
Finance	In August 2011 Fylde Council agreed a capital sum of £300,000 to support the Lytham Hall Heritage Restoration Project, which was paid in 2011/12. The audited accounts of the Heritage Trust for the North West as at 31 st March 2015 showed that at that date a sum of £131,108 of this grant remained unspent – shown within the accounts as ‘Deferred Income’. Within the 2015/16 accounts this figure has reduced to zero as at 31 st March 2016, indicating that all of the grant had been expended.
Legal	The committee on June 22 nd and September 7 th 2017 reserved the right to take legal action in the event that satisfactory evidence was not provided of expenditure against the £300,000 capital grant or there was insufficient progress by HTNW to restore the Lytham Hall Restoration Project. Evidence from the Independent Audit Report on March 9 th indicated that there has been at least one clause of the Heads of Terms breached by HTNW.
Community Safety	There are no direct community safety implications
Human Rights and Equalities	There are no direct human rights or equalities implications
Sustainability and Environmental Impact	There are no direct sustainability or environmental impact implications
Health & Safety and Risk Management	There are no direct health & safety or risk management implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Councillor Fradley	cllr.rfradley@fylde.gov.uk	20/10/2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
T&L Committee Meetings	November 3 rd 2016 March 9 th 2017	www.fylde.gov.uk

	June 22nd 2017 September 7 th 2017	
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Appendix 1: HTNW Management Structure Changes at Lytham Hall

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Lytham Hall has undergone changes in its management structure following a review of governance at Heritage Trust for the North West.

Trustee John Turner, who manages the vast Lonsdale Estates in Cumbria, explained these to a packed meeting of staff and volunteers on Tuesday 12th September.

He gave a detailed presentation outlining HTNW's future for the hall. He announced to the room the retirement of John Miller as Project Director to Lytham Hall after two decades. Mr Turner, who will be the new Project Director, acknowledged and paid tribute to John Miller's years of hard work and thanked him for his dedication to the Lytham Hall project.

Mr Turner then went on to reveal plans for an independent Lytham Hall Foundation. This new charitable trust will form and ensure that all donations and grants to the hall will be paid into this account, and only dispersed exclusively for projects and restoration at Lytham Hall itself. The new foundation already has five local members/trustees and will demonstrate complete transparency with regard to financing any future works at the Grade 1 listed mansion.

He announced the appointments of new trustees to improve the diversity and skill-set at HTNW. These trustees included an international banker, a curator specialising in fundraising and development of large scale heritage projects, and also a consultant with over 30 years' experience in the arts and cultural sectors; recently working in a senior management role with the Arts Council of England.

Finally, John Turner revealed the appointments of the Hall's new General Manager to be Peter Anthony, and his Deputy Manager Paul Lomax.

John said "We are delighted to appoint these positions to Peter and Paul who have shown total commitment over their last two years at the Hall. Their work ethic and entrepreneurial qualities have transformed the hospitality and catering operation, and exceeded all expectations in a very short while. Their CV's and business experience speak for themselves and our board of trustees were delighted to unanimously offer them promotion into these new roles."

Mr Turner also expressed his huge gratitude to the boundless enthusiasm and hard work of the Hall's many volunteers and urged everyone to unite and embrace the new changes taking place.

Peter Anthony, the new General Manager spoke of his passion and involvement with the Hall over the last several years. He said "When myself and Paul were in business Lytham Hall was our chosen charity and together we raised thousands to help safeguard its future. This Hall is the single most important and the only Grade 1 listed building here in Fylde. Its significance is therefore paramount for future generations to enjoy. There is no doubt about it, it gets under your skin in a way you can't shrug off. I know how devoted I am to the place, and I know how many others are too. I want us all to work together to achieve great things collectively. I'm a great believer that the glass has to be half full and never half empty. I don't accept the word 'can't', I only embrace the word – 'how?'. I love a challenge, we have seen the immense success of the catering here and I intend to distribute that success throughout the entire team."

Peter paid tribute to Activity plan officer Marianne Blaauboer. She had asked HTNW for a 4-month sabbatical leave. On behalf of everyone at the Hall Peter thanked her for her work and wished her all the very best.

Speaking later Peter said – "The Hall is a hive of activity at the moment with many rolling repairs completed or underway. I have appointed a building maintenance manager, Austin Grady, who is making weekly reports of essential repairs and putting them right. We have recently painted and restored part of the North elevation of the Hall and have been colour testing different panels. Mr Nigel Leaney from Lincoln is a historic paint consultant and John Carr expert, and has visited the Hall on numerous occasions recently. Nigel has discovered its original

colour scheme and has been working closely with local painter Paul Wilkinson. The pair are currently working on a specification and Listed Building Consent for painting the entire Georgian Hall which will follow imminently”

“Paul Wilkinson has also been doing paint and preparation workshops with volunteers, these are currently giving the Jacobean courtyard a facelift. This coincides with retired professional joiners repairing and replacing windows. The grounds volunteers continue to work hard on new paths, essential tree maintenance, the kitchen garden, and I myself am embarking on a general programme of ornamental projects around the site. The Friends of Lytham Hall are constantly raising money to help fund goods, and I would like to thank them for their recent purchase of over 100 banqueting chairs for our West Wing. There is a fantastic community spirit here at Lytham Hall which I intend to nurture”.