

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
COUNCILLOR FRADLEY & CHIEF EXECUTIVE	TOURISM AND LEISURE COMMITTEE	7 SEPTEMBER 2017	4
LYTHAM HALL RESTORATION PROJECT – PROGRESS REPORT			

PUBLIC ITEM

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

SUMMARY

The report includes feedback, comments and views from Councillor Richard Fradley on the progress made since June 2017 on the actions agreed to rebuild the Lytham Hall Restoration Project to prepare for a new lottery bid. The progress report is based on a number of meetings with key stakeholders including Heritage Trust North West (HTNW), Heritage Lottery Fund (HLF), the Lytham Hall volunteers 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

That based on the contents of the progress report, the comments from Councillor Fradley and the evidence, or lack of, provided to support the progress made to address the concerns identified with the Lytham Hall Restoration Project that the committee:

1. Come to a decision as to whether the committee has confidence that Heritage Trust North West 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.
2. Dependent on the decision from recommendation 1 the committee agree actions that will support the establishment of an appropriate organisation and structure to prepare a Heritage Lottery Bid for the restoration of Lytham Hall.

SUMMARY OF PREVIOUS DECISIONS

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

BACKGROUND

1. At the last meeting of the Tourism and Leisure committee on June 22nd 2017 Councillor Richard Fradley was appointed to investigate and monitor progress on the commitment made by HTNW to rebuild the Lytham Hall restoration project in accordance with the agreed recommendations:
 - a. That the committee seeks reassurance, with supporting evidence, from HTNW that the new team will have the capability and personnel to deliver a successful Lytham Hall restoration project, in order for the committee to have confidence in HTNW delivering the Lytham Hall Restoration Project.
 - b. That the committee nominate a member to link with the new Lytham Hall Restoration Project team with the role and responsibility to be agreed in consultation with HTNW and reported back to the committee.
 - c. That the nominated member works with the Director of Development and other appropriate officers to monitor the progress of the actions agreed by HTNW to provide a progress report to the committee on September 7th 2017.
 - d. That if it is clear over the summer period that satisfactory progress is not being made with the establishment of a new project team or the financial, governance and leadership arrangements, ahead of the September committee, the Chairman of the committee will be notified to consider any appropriate action.
2. Councillor Fradley was selected as the representative on behalf of the committee partly because he is one of the ward councillors as well as a volunteer at Lytham Hall and as such will experience first-hand any changes made at the Hall as well as the prevailing view, mood and behaviour of those working at the Hall.
3. Meetings, follow up conversations and exchanges of information have been held with John Turner from HTNW, Nathan Lee from HLF, Steve Williams from LTT and the volunteers at Lytham Hall. The feedback from Mr. Turner at a meeting on Monday July 17th 2017 reinforced the commitments he made at the committee meeting on June 22nd on behalf of HTNW to bring in new governance, financial and leadership arrangements for the Lytham Hall Restoration project. The conversations have been constructive and positive outlining the improvements the new arrangements will deliver. However, in the nine week period since June 22nd and the compilation of this progress report to the committee there has been no evidence provided of action taken, changes put in place or plans progressed. No evidence has been provided of a new team being established, names provided, recruitment started or any evidence of a bid being put together to the HLF Resilience Fund.
4. The arrangements at Lytham Hall in terms of the responsibility for managing the finances, governance and leadership have not been changed. Whilst the intent has been verbalised there is no sign of implementing change, there is still the same people and arrangements in place for the restoration of the Hall as there have been since concerns were first raised to this committee on November 3rd 2016, and as far back as April 2016 when the financial challenges were first raised. It is clear that Mr Turner is not engaged in the operational management of Lytham Hall, indeed this is not his remit, and that Mr Miller remains HTNW representative on site leading any initiatives linked to the financial arrangements of the Hall.
5. The option of HTNW not being involved in a future bid to the HLF was discussed and Mr Turner confirmed that this would be on the agenda of the next meeting with LTT, the landlord for the site. The option would require HTNW releasing the tenancy which under the terms of the agreement would could potentially involve substantial dilapidation and repair costs. HTNW were aware that LTT indicated the terms of the tenancy could be negotiated to facilitate surrender of the tenancy provided that HTNW wanted to explore this option. This is a matter between the landlord and tenant but Mr Turner confirmed that this was a possible option. The option of HTNW retaining involvement in the restoration project was discussed and Mr Turner was asked to provide details of the key actions that would be taken by HTNW to address the concerns that had been raised by the committee in respect of leadership, governance and finance, as well as the timeframe within which the actions would be delivered. To date this information has not been provided.

6. The meeting between LTT and HTNW took place and an update was provided to Councillor Fradley and the Chief Executive by Steve Williams from LTT on the option of HTNW releasing the tenancy at Lytham Hall. The option to surrender the tenancy was not progressed at that meeting because of the unacceptable terms that HTNW requested to surrender the tenancy.
7. Councillor Fradley and the Chief Executive met with Nathan Lee from the HLF on Tuesday August 8th 2017, the purpose of the meeting was to establish the process and prospects for a further bid to the HLF for the restoration of Lytham Hall. The feedback was encouraging with Mr Lee confirming that an initial bid could, and should, be made to the Resilience Fund to support the resources required for a full bid for restoration of the Hall to the HLF. The Resilience Fund offers grants up to £250,000 and is similar to the process currently in place for the Fairhaven Lake heritage bid. Mr Lee indicated that HLF would give full and due consideration to any bid made to the Resilience Fund and that appropriate bids to HLF for a major project on a grade 1 listed building the such as Lytham Hall can attract up to 90% funding. HLF clearly recognise the important heritage value of Lytham Hall and are keen to support a further bid with an expectation that one will be submitted. To date HTNW have not submitted a bid to the Resilience Fund for a grant to support a full bid for the restoration project.
8. It was evident that HLF have experienced challenges with HTNW which resulted in the funding being withdrawn at Lytham Hall over concerns about financial management, governance, performance and transparency articulated in the Moore Stephens report under the leadership of Mr Miller. These concerns remain and HLF will not consider a bid that involves HTNW as the lead or accountable body on a project until the issues raised and the recommendations in the Moore Stephens report are addressed. However, HTNW have challenged many of the findings in the Moore Stephens report and therefore have not taken any action to address them. A major concern outlined in the Moore Stephens Report was the leadership and actions of Mr Miller. A bid to the HLF that does not involve HTNW would be less challenging and could be prepared and processed easier and quicker because the outstanding concerns HLF have with HTNW include in the Moore Stephens Report remain. The Chief Executive of HTNW remains in the same role at Lytham Hall at the time of writing this report.
9. A request has been made for evidence of the revised financial approval procedures; up to date risk registers; succession plans; recruitment of an employee with an appropriate financial qualification; more regular board meetings; the agenda from the Board meetings; documented internal policies and procedures; the management and maintenance plan and the development plan for Lytham Hall. At the time of writing this report no supporting evidence had been provided.
10. Time is an important factor with the physical deterioration of the Hall continuing month after month without the major external and internal renovations that the restoration project was designed to deliver. Concern over the external appearance of the Hall is well documented along with the need for a significant program of repairs and maintenance simply to stem the rate of deterioration. LTT in the capacity as landlord have initiated a clause in the lease to commission a full dilapidation survey of the Hall and surrounding infrastructure to establish the extent of repair and maintenance required by the tenant (HTNW) in order to meet the requirement of the tenancy agreement.
11. Time is also important in relation to the volunteers and partners involved and those prepared to be involved in the restoration of Lytham Hall and the grounds in future. It is the hard work, determination, good will and passion of the volunteers that has helped to achieve most of the productive outcomes over the last few years and which is sustaining the current offer at the Hall. The longer it takes for change to happen on the ground and real physical progress to be seen the more the good will, passion, energy and commitment of the volunteers, and the interest of potential future partners will be undermined. The operators of the café have transformed the business increasing turnover significantly and the events held at the Hall have proved to be popular increasing footfall, however there is no evidence of increased investment in the Hall and a belief that basic maintenance and repair is not being fulfilled, something that the full dilapidations survey that the landlord has requested will confirm.
12. A separate meeting has been arranged for Councillor Fradley and a senior accountant from Fylde to review the accounts in an attempt to identify expenditure against the £300,000 contribution made by the Council. This meeting could only be arranged for September 29th 2017, this is an inconvenient time frame that does not allow for any update on the expenditure of the grant in this report.

13. Councillor Fradley has not been provided with any evidence of changes made or action taken by HTNW that have had an impact on the operations at Lytham Hall or progress on any of the commitments made to this committee to change the leadership, governance and financial accounting of the project. The feedback from HLF made it clear that any lottery bid involving HTNW would require the recommendations of the Moore Stephens report to be implemented in advance, a report that HTNW have challenged rather than accepted. On November 3rd 2016 this committee had also recommended *'that any issues arising from the Moore Stephens report are addressed by the Heritage Trust for the North West.'*
14. The funding from HLF was stopped in April 2016 which triggered the Moore Stephens Report, to date HTNW have not made a further application to the HLF Resilience Fund without which it is not possible to make any progress on a new project team or structure that can submit a full bid to HLF for the restoration of Lytham Hall.
15. The leadership of the project has been subject to scrutiny and significant criticism that has been formally reported through the Moore Stephens Report and the council's own Independent Audit Fact Finding report presented to this committee on March 9th 2017. To date there has been no change to the leadership of the project or the operational activities at Lytham Hall, no progress has been made on this crucial element of the project. Feedback from all stakeholders, apart from HTNW, indicates a loss of confidence in the current leadership of the project and a view that any continued involvement of the current leadership, in any form, would be untenable for the project going forward. A number of stakeholders also believe that the culture and behaviour of the current leader of the project is reflective of HTNW as an organisation and that the individual and the organisational behaviours are inseparable.
16. In the process of gathering evidence of the progress made by HTNW on a new project team Councillor Fradley has also considered further whether the conditions of the agreement for the £300,000 grant signed on August 4th 2011 have been adhered to. Members of the committee should be aware that clause 19 of the agreement states: *'The Provider (HTNW) will repay the Grant to the Council in the event that the Heritage Lottery Fund Grant terms for the Restoration Project are not delivered in terms of restoring the historic buildings and landscapes; sustaining investment in the long term through delivery of a management and maintenance plan; and increasing usage of the facility through the delivery of an active development plan.'* The Council has previously focused on what the Grant has been spent on and how much has been spent, the following was reported to this committee on November 3rd 2016: *'The original project consisted of works to the building and works to the grounds. The HLF is satisfied that the works to the grounds have been done. However the works to the hall have not'.*
17. Councillor Fradley provided the following statement to include in this progress report:

I can confirm that paragraphs 1 - 16, written by FBC Chief Executive, represent a true and accurate summary of the meetings and conversations held with LTT, HTNW and HLF.

It is difficult to capture the opinions and feelings of all the volunteers at Lytham Hall, but it is evident that, no matter what their feelings are about HTNW and / or LTT, they are extremely frustrated and disappointed at the lack of progress regarding the renovation of their much loved Hall. There is a feeling that the Café has never taken so much money, there are more volunteers than ever and the Hall is being used for more functions than ever before and yet there still seems to be a lack of investment. Volunteers are paying for equipment out of their own pockets! The question being asked is: Where is the money going?

The meeting held with Mr. Turner of HTNW felt extremely open, honest and positive. I find it very disappointing that the timescale agreed at the meeting, for evidence of the organization and financial restructuring, has not been forthcoming. A conclusion could be made that the senior management of HTNW were not fully in agreement with Mr. Turner's proposals. It is my opinion that HTNW have been given more than enough time to provide the Tourism and Leisure Committee with the information requested regarding the restructuring of HTNW's Lytham Hall project team. I can only therefore conclude that:

- *I don't have the confidence that HTNW are willing to establish a new management and financial team to manage the Lytham Hall project.*
- *It is my belief that this apparent lack of commitment to restructure will severely damage any future bid to the HLF.*

It is my opinion that:

- *Further investigation and legal advice is required to establish expenditure against the £300,000 contribution made by Fylde Council with a view to recouping some or all of the funds, dependent on the outcome of the investigation.*
- *A Community Interest Company is formed to establish new funding streams for the Lytham Hall Restoration project (funded through a bid to the HLF Resilience Fund).*
- *Fylde Council act as the Accountable Body for any future HLF bid.*

I fully understand that FBC have no input into the Landlord / Tennant relationship between LTT and HTNW, but I hope that the following observations will be noted:

- *Negotiations are encouraged between LTT and HTNW to come to a mutual agreement with regards to restructuring of the project teams or surrender of the lease.*
- *HTNW need to be encouraged to be more transparent about their financial matters with regards to Lytham Hall.*
- *HTNW be encouraged to act on the findings of the Moore Stevens report.*

I would like to thank everyone for their time and inputs to this report and look forward to working with all the stakeholders to deliver a sustainable solution to the restoration of Lytham Hall.

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)	√

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 31st 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 monies had been expended.
Legal	The committee on June 22 nd 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 equality implications
Sustainability and Environmental Impact	There are no direct sustainability & environmental implications
Health & Safety and Risk Management	There are no direct health and safety or risk management implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Councillor Fradley	cllr.rfradley@fylde.gov.uk	25/08/2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
T&L Committee Meetings	November 3rd 2016 March 9th 2017 June 22nd 2017	www.fylde.gov.uk

Attached Documents
NONE