

Report to: Cabinet



Date of Meeting 6th October 2021

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Seaton Jurassic

Report summary:

This report provides an update on the current position, next steps and the current high level options in relation to Seaton Jurassic Visitor Centre post Devon Wildlife Trust's (DWT) exit of the building on 17th September 2021. A further report will follow once the options have been fully considered.

Is the proposed decision in accordance with?

Budget Yes No

Policy Framework Yes No

Recommendation:

Cabinet acknowledge:

- (1) That the Centre will remain closed until a final decision has been made over the preferred option for its future use and whilst the remedial works are being fully scoped.
- (2) The current position set out in sections 2-9 of this report.

Cabinet recommend:

- (3) That arrangements be made to ensure that should the building remain vacant for the summer season of 2022, that opportunities are explored to ensure a café type use can trade in part of the building for the summer season as an interim measure.
- (4) That best efforts are made to negotiate and agree with the three principal funders arrangements to protect the Council's position against having to repay the principal sums.
- (5) That the next steps set out in section 10 are progressed.
- (6) That the three options set out in section 11 of the report be considered with a further report to Cabinet for January 2022 as per the Next Steps detailed in this report.

Cabinet recommend to Council:

- (7) A revenue budget of £45,000 to meet ongoing holding costs for this financial year.

Reason for recommendation:

The Centre became the direct responsibility of the Council on 17th September so next steps need progressing and options for use of the building need to be considered along with securing a revenue budget for the remainder of this financial year.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

Equalities impact Low Impact

Climate change Medium Impact

Risk: High Risk; The responsibility for the building has fallen to the Council from the 17th September which has immediate financial implications with rates, insurance and other liabilities and the reputational implications of such a facility being closed to the public. There are also the challenges around re-opening as an interpretation centre, if indeed that is possible. There are obligations the Council must follow in accordance with funding agreements when the centre was built and investment is required to address the design defects.

Links to background information [Seaton Jurassic Cabinet 12th May](#); [Seaton Jurassic Cabinet 14 July](#)

Link to [Statement of Intent](#)

Priorities (check which apply)

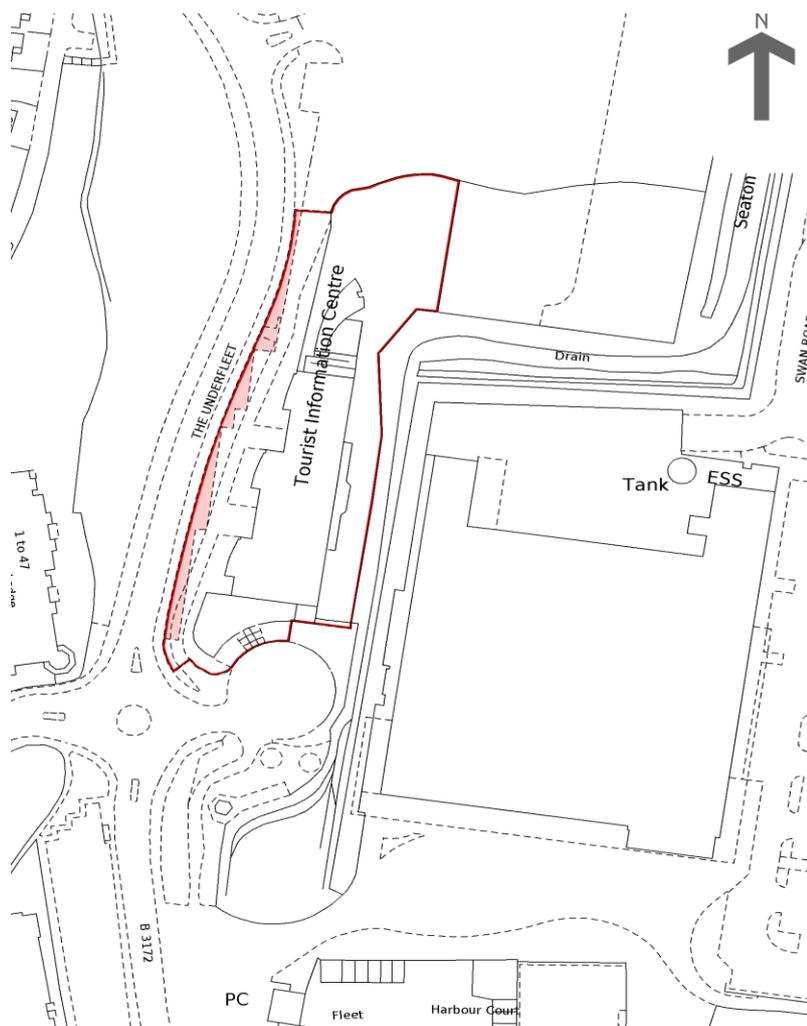
- Better Homes and Communities for all
- Greener East Devon
- A resilient Economy
- Services that matter

Report in full

1.0 Background – The Centre

- 1.1 Seaton Jurassic Centre opened in March 2016 and cost £4.2m, with £1.7m provided by external funding from Heritage Lottery Fund, Devon County Council, Coastal Communities Fund and other smaller donors.
- 1.2 The building was let to Devon Wildlife Trust (DWT) for a period of 35 years after a tender process and they have operated the Centre for the last five years under a shared profit arrangement but in the event, no profits coming to the Council. DWT have served notice to terminate their occupation early and vacated on 17th September 2021.
- 1.3 The building footprint equates to approx. 935 sq m and comprises entrance lobby, gift shop, meeting room, Café, office, exhibition rooms and gardens. The Café area is not self-

contained as the Centre was designed to be run by a single operator but it benefits from outside seating and a well equipped kitchen.



Title Plan for Seaton Jurassic: Title number DN 669838 with the extent of the Centre outlined in red.

2.0 Background – Economic Context & Footfall Data

- 2.1 Seaton has been a long standing regeneration priority for the District. This was driven by its relatively poor economic performance, itself a product of long standing structural issues, and the subsequent impact on the local community. Strategic investments, such as the Seaton Jurassic Centre and nearby regeneration projects, have been designed to help diversify the visitor economy, to disperse increased footfall and broaden the economic base of the town.
- 2.2 The table below shows how unemployment rates changed during the first year of the pandemic.

Claimant Count Unemployment (% of workforce 16-64)	March 2020	August 2020	March 2021	% Change (Mar20-Mar21)
Seaton	2.1%	5.0%	4.9%	133%
Colyton (including Colyford)	1.4%	4.9%	4.0%	186%
Axminster	3.3%	7.1%	6.1%	85%

Chard	2.7%	5.4%	5.5%	104%
East Devon	1.7%	4.5%	4.3%	153%
Devon CC	1.8%	4.8%	4.5%	150%

Source: ONS Nomis – Labour Market Statistics

- 2.3 The situation has improved since March as the economy has reopened. The unemployment rate in Seaton had dropped to 3.5% by August 2021 but this has remained higher than both the District and County average (2.9% and 3.1% respectively). Average household incomes (at £27,500) lag behind other places in the District (e.g. Sidmouth at £29,300) and puts the town in the bottom 30% nationally.
- 2.4 DCC has constructed an economic vulnerability index to provide an indication of which areas may be more economically exposed to the emerging and ongoing impacts of the Covid-19 pandemic. The index uses a weighting between 15 different social and economic variables including claimant count, workforce on furlough, employment in vulnerable sectors and indices of multiple deprivation to allow a ranking of different places at a lower super output area to be constructed. The index values show relative positions and these change slightly as new data is released and as the economy gradually recovers from the pandemic.
- 2.5 Based on the current DCC economic vulnerability index, Seaton Seafront scores in the top 10% most economically vulnerable locations in Devon. The particular issues for Seaton are it's reliance on seasonal tourism and retail employment and the claimant count level for those aged over 50.

East Devon	Rank within Devon (where 1 is most vulnerable and 457 is least)
Seaton Seafront	26/457
Axminster Central and West	34/457
Axminster (East) and Foxhill	64/457
Beer, Branscombe and Vicarage	106/457

- 2.6 The footfall statistics for the Jurassic Centre since opening are as follows:
- 01 March 2016 – 31 March 2017 : 41,000 (paying) – 78,000 (Centre including café and TIC) *note 13 months
 - 01 April 2017 – 31 March 2018 : 22,000 (paying) – 50,000 (Centre including café and TIC)
 - 01 April 2018 – 31 March 2019 : 18,500 (paying) – 44,000 (Centre including café and TIC)
 - 01 April 2019 – 31 March 2020 : 19,000 (paying) – 48,000 (Centre including café and TIC)
 - 01 April 2020 – 31 March 2021 : 7,000 (paying) – 13,000 (Centre including café and TIC)* COVID operations

- 01 April 2021 – 05 September 2021 : 8,500 (paying) – 18,000 (Centre including café)
*reopened 27th May

3.0 Background – Building Defects

- 3.1 As confirmed in the Cabinet report of 14th July 2021, there are significant building defects that will need remedying before the building can be used further.
- 3.2 Enquires have been issued to Consultants via the Pagabo framework and are due to be returned imminently. The successful Consultant is required to undertake the identification of all the current faults and issues related to the Mechanical & Electrical installation and other building elements. The consultant will then prepare a detailed design and specification for the remedial work and provide budgetary advice, particulars of which is to be incorporated into a further Cabinet report and will need considering at such time as we are clearer on the future use of the building. If the building is to remain as an Interpretation Centre then there will need to be a commitment to undertake these works before the building can be re-occupied and a request to Council for budget.
- 3.3 If a further budget is approved the Consultant will then be required to prepare and issue tenders for the necessary remedial and other works, manage the tender process, and provide tender recommendations. Pending EDDC formally appointing a contractor, the Consultant is then required to monitor and inspect the works on site, act as Contract Administrator, carry out a final inspection including checking, approving commissioning, and signing off of the works.
- 3.4 The proposed programme, subject to the successful Consultants agreement and depending upon the extent of the necessary remedial works, currently advises that the Consultants recommendations will be provided in late November, and subject to approval of the recommendations, the successful Contactor could carry out the required remedial works from early in 2022 and be completed some three months later

4.0 Background - Anticipated Monthly Budget for running costs whilst the Centre is closed

- 4.1 The building and all associated liabilities – rates, insurance, utilities, security etc. have now fallen to EDDC and this will remain the case until a new occupier is identified and takes on the Centre. Below is a summary of anticipated running costs for the period September 2021 – March 2022 based upon figures from DWT accounts and additional known costs.

Business Rates (allowing for 3-month break)	£ 6,000
Utilities – Light, heat, power and water	£ 10,000
Insurances	£ 3,500
Telephone and Internet (includes Wi Fi for CCTV cameras in EDDC car park)	£ 1,500
Cleaning	£ 4,500
Maintenance and associated tasks	£ 13,250
Security	£ 3,000
Contingency	£ 2,500
Total for period Sept 21 – Mar 22	<u>£ 44,250, say £45,000</u>
<i>Average cost per month, rounded</i>	<u>£ 6,500</u>

4.2 It is anticipated for the next full Financial Year 2022/2023 the running costs of the empty building including an allowance for inflation @ 2.5% would be £ 81,000 (£6,750/month). This reflects the fact that the Council will no longer be entitled to Empty Business Rates Relief. The sum of £81,000 will need to be provided for as part of part of budget setting for 2022/2023 unless at that time we are confident that a new operator will be trading. A new operator commencing trading mid-year will result in a pro-rata reduction of this liability. The running costs for the building if being fully used would be higher due to higher energy consumption, higher cleaning costs and similar.

5.0 Background - Interaction with Devon Wildlife Trust

5.1 Officers have spent the past 4 months working with DWT to better understand the operation of the building and to progress the termination of DWT's occupation and the handover of the building particularly in terms of the exhibits and the contents of the Centre. Much of this information, all needed to inform future options and discussions with interested parties has only been received in the past month.

5.2 A dilapidation survey has been carried out with DWT to ensure the building is returned to EDDC in a satisfactory condition and in accordance with their contractual obligations. Generally, the building was found to be in a good condition with the need for redecoration and cleaning of all flooring surfaces being the main focus in all areas with the exception of the exhibition Pavilions, where cleaning was the issue. This did not provide for the building defects discussed in section 2 of this report as the responsibility for these do not sit with DWT.

5.3 Confirmation has been provided, and continues to be provided, that DWT have been undertaking the required statutory, regulatory and other inspections and surveys.

5.4 The building was handed back to EDDC on 17 September and meter readings agreed.

5.5 DWT have been granted a three-month licence to access the building in order for them to carry out the required remedial works but also to allow for items belonging to DWT to remain until such time as EDDC determine whether we / or a future operator require them. DWT are entitled to charge EDDC for a number of these items and the charges are still be provided. Whether EDDC wish to purchase these items will depend on both the cost but also the future intended use of the building. If EDDC is found not to require these items then these will need to be removed.

6.0 Background – Media

6.1 A joint media release was issued from EDDC and DWT on 17 March to announce that DWT was ending its tenure as operator. Since late summer DWT have engaged with the EDDC Communications Consultant to agree the handover of all communications assets. These assets were handed over on 21 September and include the Seaton Jurassic website, Facebook, Instagram, Twitter and TripAdvisor accounts. A holding statement has been placed on all platforms with the communications team at EDDC the contact for any members of the public.

7.0 Background – Interest received in the Centre

7.1 The Council has received a number of expressions of interest in taking over the building, some proposals have loosely related to the continuation of an Interpretation Centre but others have been for much more commercial uses.

8.0 Background - Contract Obligations: Funders

8.1 The building was developed and set up using significant amounts of external funding as summarised below. As the Centre has only operated for a short time there is a risk that should the use materially change, that some of this funding will need to be repaid.

8.2 Devon County Council Grant total £642,076 - EDDC's agreement with DCC states that should the Operator withdraw from servicing the project (DWT) within a period of 10 years EDDC are to use reasonable endeavours to secure the services of another operator or some other arrangement through local voluntary groups so use as an Interpretation Centre is maintained. If EDDC & DCC agree in the first ten years that there is no viable model by which the Centre can continue to be used as an Interpretation Centre DCC must be reimbursed the pro rata proportion of its contribution in relation to the market value of the capital assets. Any liability for repayment reduces each year. Any alternative means of operating the Centre or use will need to be agreed and documented with DCC.

8.3 Heritage Lottery Fund (HLF): Grant total £601,939 (exact amount still to be confirmed) – EDDC's agreement with HLF means that the property must be used for approved purposes which reveal and explain Jurassic & Marine heritage, attract and engage a greater number and wider range of visitors, promoting the natural heritage and involving and developing the skills of the local community'. The property must also be let or sold for full market rent and EDDC must use the rental income for the Approved Purposes or generally for the benefit of the property. EDDC are to retain exclusive control over what happens to the building and other than as permitted, EDDC must not sell, let or otherwise part with it or any interest in it or give any rights over it to anyone else or take steps to do so without HLF prior approval. Any approval given by HLF may depend upon paying HLF a share of the net proceeds from selling or letting of the property and they may also claim an amount in the same proportion to sale as grant is to original cost or the proportion of the grant spent on the assets or goods, whichever is the greater. Payment will be whatever HLF decide is appropriate in the circumstances but if EDDC fail to keep any of the terms of the grant then the grant must be repayed in full. EDDC are also to maintain the property in good repair and condition and must tell HLF within 5 days about any significant loss or damage. Access to the general public must be made available, with all of these terms to apply for 20 yrs. from the project completion (April 2016). Any alternative means of operating the Centre or use will need to be agreed and documented with HLF.

8.4 Coastal Communities Funding (CCF): Grant total £301,594. This grant was provided to support local economic development in the coastal town of Seaton and to promote sustainable economic growth and jobs. The monies are not to be used as unacceptable State Aid (as was) as doing so would make it liable to recovery judgement. Grant conditions also state the monies can only be used in accordance with s 11 Local Government Act 2003 which states that the receipts can only be used for specific purposes and that the monies must be used to fund capital expenditure. The use of such receipts to support revenue expenditure is not permitted. Furthermore, a declaration must be signed by CEO and CFO confirming the terms of grant have been complied with by EDDC. If either of these two conditions are not met then the grant can be reduced, suspended, withheld or fully repaid. Any alternative means of operating the Centre or use will need to be agreed and documented with CCF.

8.5 The obligations to repay the grants require further investigation by the Council's Legal Services to inform future decision making, but it does appear at this stage that ceasing the use and not complying with the conditions attached to the funding agreements is simply not viable. Any receipt from a commercial disposal, at least whilst EDDC is still liable for the grants is unlikely to equal our obligations to funders.

9.0 Background - Valuation & Marketing Advice

9.1 External consultants have been asked to advise on alternative uses and indicative estimates of likely capital receipts should EDDC not proceed with an Interpretation Centre. A full Options report could be commissioned should Option 1 or 2 below not prove successful in finding a new Operator for the Centre.

10.0 Next Steps

10.1 The focus now has to move onto 'next steps' and establishing whether there is a viable future use which would satisfy the funders, would attract an operator (EDDC or other) and would justify the undertaking of the proposed works to remedy the design defects. These are as follows:

- Conclude and summarise where we are with DWT following them vacating on 17th September. This will provide clarity on the 'offering' available.
- Continue discussions with funders to provide an understanding of what options exist and what impact this could have on the requirement for EDDC to repay funding.
- Engage with Stakeholders – Members of the Seaton Jurassic Forum, wider funders and Ward Members. What are their thoughts as to future uses and what do they think is viable / deliverable? What is the vision for the future of an Interpretation Centre here? What vision does the Council have for the future of Seaton now that it is no longer one of our 'regeneration towns'? Our work to date over a number of initiatives, of which Seaton Jurassic has been a key part, has successfully promoted Seaton as an environmental destination in its own right. Does a relaunched/refocused Seaton Jurassic with closer ties to our work at Seaton Wetlands/other LNRs and our work on the Climate Change Emergency/concern over river pollution in the Axe have a role to play in Seaton?
- Engage with those who've expressed an interest. We need to better understand their propositions on a 'without prejudice basis'.
- Further report back to Members for an instruction on which of the options set out below to pursue.
- Officers to then pursue formal marketing (as appropriate) as per the agreed option.
- Decision by Members on whether considering the interest received, we wish to proceed with the works to remedy the design defects.
- Undertake building works (if we're going to), secure new operator and / or dispose.

11.0 Options

- 11.1 There are several Options for the building which require further investigation and /or detailed proposals before a final decision can be made on which is most deliverable.
- 11.2 These are:
- 11.3 a) *A new Operator is found who will continue the running of Seaton Jurassic as an Interpretation Centre focussing on the Jurassic Coast, such as private operator, voluntary group or EDDC*

The following vision has been set out by EDDC Countryside about a potential vision and operating model for the Seaton Jurassic centre:

The creation of a Seaton Wetlands Visitor Centre (SWVC) that would deliver a repurposed and reimagined centre which would be a direct physical and intellectual link to the Seaton Wetlands which focusses on delivering a wetlands experience/journey starting from the centre. This is already a proven model for success with other comparable visitor centres such as London Wetland Centre, Slimbridge, Washington Wetland Centre, Weymouth Wetlands Centre and the Scottish Seabird Centre that focus on the linking the wildlife messaging in the centre with the actual outdoor experience. The SWVC with a rebranding would be based on similar thinking and would be achieved by:

- Aligning the centre's core purposes with a wider countryside and nature theme (with climate change themes) that draws together all the strengths and success stories of the Seaton Wetlands as an award winning wetland reserve.
- The original vision for the centre was for it to be the "hub" acting as an attraction/centre for the town as a 'Natural Seaton' destination for its unique natural environment with the Wetlands as one of the "spokes". This still remains true despite the failure of the Jurassic Coast brand to attract visitors as anticipated.
- The USP for a Seaton Wetlands Visitor centre lies with the unique and obvious links physically into the Wetlands via the Stop Line Way cycle path and Seaton Tramway halt links, which will create an exciting countryside experience which can be monetized without the need for an entry fee to the building itself.
- The planned capital investments are also vital to further enhance the visitor experience leading to and from the Wetlands – the access from the centre onto Sheep's Marsh will be crucial to deliver that linkage.
- The repurposed centre would provide visitors with information, interpretation and engagement based around the wildlife on the wetlands and its ecology with a virtual experience delivered through webcams on "wildlife hotspots" (think Springwatch!) and how to participate in events and activities being run on the site by the Countryside team and other key partners.
- The SWVC would also still provide an important educational resource for all schools at primary and secondary level that links seamlessly with what the EDDC Countryside team currently deliver on the wetlands – the centre provides an excellent indoor learning facility which will help provide an all year round offer for schools. EDDC Countryside would look to make this a premier destination as a non-residential field studies centre for schools and universities.
- Further developments will include looking to market a "Wetlands experience" via bicycle from the SWVC with a unique opportunity for a local cycle hire facility to fully exploit the Stop Line Way & nature reserve linkages – ambition is to mimic the success of the Camel Trail as a safe recreational route working with DCC to develop/invest in.

- Also to further develop our health & wellbeing work with providing mindfulness courses & activities within the centre working with local mental health organisations and AGE UK that we have already developed to provide activities and events that deliver our Public Health Plan...as well as consolidating EDDC Countryside's volunteer network (which is now over 200 signed up volunteers).
- Develop the cultural arts offer working with THG and the proposed ACED platform which can utilise the centre for commissioned art exhibitions that draw in the locality's high quality natural environment and linked climate change messages (e.g. Climate Cabin, THG's "out & about" programme etc.)
- The repurposed Centre would work in collaboration and partnership with local organisations such as the Axe Vale & District Conservation Society, Seaton Visitor Centre Trust, East Devon AONB, Seaton Town Council, Natural England and Seaton Tram. There is potential for the SWVC to be run as a Community Interest Company as a vehicle for its future operation that would effectively pull together the partnership organisations with a stake in the new vision and purpose of the centre.

Further elements to this offer, whether by EDDC or other, would also include:

- The new Operator will require new exhibits to maintain interest in the Centre so it is possible EDDC will be asked to contribute towards the cost of acquiring such exhibits and on a 2-3 year cycle at least to maintain interest in the Centre. DWT estimated the cost of new exhibits would be in the region of £1m in January 2021.
- The Café area should be refurbished and reconfigured to allow for visibility from passers-by and to allow the space to be self-contained at night so that it becomes a destination restaurant, preferably run by a nationally recognised restaurant operator who will generate income to help support the Exhibition, not the other way around.
- EDDC will need to repair /replace the Services before occupation can occur which could cost up to £200k (to be confirmed through current commissioned work).
- DWT were unable to make the operation profitable and were not in a position to pay any rent to EDDC. There is a risk that any new operator would experience similar difficulties.
- The success of any new Operator will to some extent be dependent upon the number of volunteer hours they can secure and sustain for their concept.

11.4 *b) A new Provider runs the Centre as an Interpretation Centre / more general attraction but not focussed on the Jurassic Coast or those themes outlined in 11.3 above.*

- Whether funders are eligible for repayment will depend on the exact use but at this stage there is a risk that an alternative type of use will result in repayment by EDDC. Discussions need to continue with the funders to understand the exposure of EDDC to influence future decisions.
- Other issues as for 11.3 above.

11.5 *c) Market the Freehold/Leasehold of the building and sell/let to the highest bidder so that best financial value is obtained for the site.*

- This option is likely to trigger an obligation to reimburse any funding payments which are expected to exceed any capital receipt. Advice has been commissioned to help advise on this option. It is worth noting that some liabilities relating to the initial funding may

also burden DWT but it is as yet unclear what approach the funders might take in this regard.

- This option would potentially avoid the cost of carrying out remedial design defect repairs to the property and reconfiguration of the café area so provide a significant capital saving to EDDC.
- Finally, this option would also avoid EDDC being asked to contribute to new exhibits.
- However, a capital receipt is unlikely to meet the likely repayments to funders.

Financial implications:

The report requests an immediate budget for remainder of the current financial year of £45k for unavoidable costs that now fall to the Council – this sum will have to be met by the Council's General Fund Balance.

Unless an alternative use of the building is agreed and implemented for 2022/23 the Council will need to budget for £81k next year to meet ongoing liabilities of this building remaining closed. This may be offset in part by the recommendation as a minimum for 2022/23 that a café/restaurant operator is found for the building.

In addition members have received a report on the likely capital costs required in the order of £200k to rectify mechanical and engineering issues with the building. Whether this may, to any extent, be reclaimable from third parties is yet to be determined.

Members will receive an options report with the financial implications in order to decide on the best course of action for the building considering what's affordable for the Council bearing in mind the financial shortfalls highlighted in the Council's Medium Term Financial Plan.

Legal implications:

The position with the external funders (DCC, HLF and CCF) needs to be understood and formally documented to ensure that EDDC does not inadvertently fall liable to repay grant funding. This is, in part, dependent upon what the future use of the building will be which is yet to be established. As the report identifies, Legal Services will assist in the work and also advise generally on future uses as and when required. Otherwise the recommendations do not raise any specific legal implications requiring comment.