



Doncaster Council

Agenda

To all Members of the

CABINET

Notice is given that a Meeting of the Cabinet is to be held as follows:

Venue: Room 8, Civic Office, Waterdale, Doncaster, DN1 3BU

Date: Tuesday, 17th July, 2018

Time: 10.00 am

Items for discussion:

1. Apologies for Absence.
2. To consider the extent, if any, to which the public and press are to be excluded from the meeting.
3. Public Questions and Statements.

(A period not exceeding 20 minutes for questions and statements from members of the public and Elected Members to the Mayor of Doncaster, Ros Jones. Questions/Statements should relate specifically to an item of business on the agenda and be limited to a maximum of 100 words. As stated within Executive Procedure Rule 3.3 each person will be allowed to submit one question/statement per meeting. A question may only be asked if notice has been given by delivering it in writing or by e-mail to the Governance Team no later than 5.00 p.m. on Thursday, 12th July, 2018. Each question or statement must give the name and address of the person submitting it. Questions/Statements should be sent to the Governance Team, Floor 2, Civic Office, Waterdale, Doncaster, DN1 3BU, or by email to Democratic.Services@doncaster.gov.uk).

Jo Miller
Chief Executive

Issued on: Monday, 9 July 2018

Governance Services Officer for this meeting:

Amber Torrington
Tel. 01302 737462

Doncaster Metropolitan Borough Council

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4. Declarations of Interest, if any.
5. Decision Record Forms from the meeting held on 3rd July 2018 for noting (previously circulated).

A. Reports where the public and press may not be excluded

Key Decisions

- | | | |
|----|--|---------|
| 6. | Special Provision for Children and Young People with Special Educational Needs and Disability Capital Fund 2018 – 2021. | 1 - 12 |
| 7. | Proposed Sale of Part of Land at Plot 1, Lakeside.
<i>(Appendix 1 of the report contains exempt information, as defined in paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) of Part 1 of Schedule 12A of the Local Government Act, 1972, as amended).</i> | 13 - 22 |
| 8. | Savoy Cinema and Restaurants.
<i>(Appendices 2 and 3 of the report contain exempt information as defined in paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) of Part 1 of Schedule 12A of the Local Government Act, 1972, as amended).</i> | 23 - 56 |

Cabinet Members

Chair

Ros Jones, Mayor of Doncaster

Vice-Chair

Councillor Glyn Jones, Deputy Mayor

Portfolio Holder for:

Housing and Equalities

Councillor Nigel Ball

Public Health, Leisure and Culture

Councillor Joe Blackham

Highways, Street Scene and Trading Services

Councillor Rachael Blake

Adult Social Care

Councillor Nuala Fennelly

Children, Young People and Schools

Councillor Chris McGuinness

Communities, Voluntary Sector and the Environment

Councillor Bill Mordue

Business, Skills and Economic Development

Councillor Jane Nightingale

Customer and Corporate Services



Doncaster Council

Report

To the Chair and Members of the CABINET

Date: 17 July 2018

SPECIAL PROVISION FOR CHILDREN AND YOUNG PEOPLE WITH SPECIAL EDUCATIONAL NEEDS AND DISABILITY CAPITAL FUND 2018 - 2021

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Councillor Nuala Fennelly, Cabinet Member for Children, Young People and Schools	All	Yes

EXECUTIVE SUMMARY

1. The Education Inclusion programme seeks to improve educational outcomes for all children in Doncaster, with a particular focus on vulnerable and/or disadvantaged children. This work includes as one of its strands the Special Educational Needs and Disabilities Review.
2. The SEND Review outlined in the One Doncaster Report and located under the governance of the Inclusion Programme Board includes targeted activity on a range of themes including: the sufficiency of places; review of out of authority placements; integrated assessment, planning and review pathways and processes; education transport; preparing for adulthood; transition; and improving outcomes at SEN Support.
3. Doncaster Council's Organisation of Learning Provision Strategy informs and complements the SEND Review, setting out the key components and approaches contributing to the whole Learning Landscape for all children and young people in the Borough. The strategy captures the main opportunities and challenges across the multi-provider infrastructure of learning provision in Doncaster, providing a framework for planning and generating the necessary resources to ensure that we meet the requirement to commission high quality learning settings. The process of ensuring there are sufficient places to meet the needs of learners with SEND is embedded within the strategy.
4. The special provision fund was first announced by the Department for Education on 4 March 2017 to support local authorities in making capital investments in provision for pupils with special educational needs and disabilities. This supports the outcomes of the review in terms of capital investment alongside the new Communication and Interaction School reported to Cabinet in May 2018 and any further bids for a new special school under the next Wave (13) due to be announced by the DfE later this year. This allows the Council to invest in new places and improvements to facilities

for pupils with education, health and care (EHC) plans in mainstream and special schools, nurseries, colleges and other provision.

5. A review of sufficiency of special educational needs and placements has been completed with an indicative plan was submitted to the Department for Education in March 2018. Initial indications were that a minimum of £500k of capital funding would be made available to be distributed over 3 years from 2018/19. The Council was successful in this application and consultation has been undertaken with schools, parents and other partners to establish funding priorities.

EXEMPT REPORT

6. This report is not exempt.

RECOMMENDATIONS

The Chair and Members of the Cabinet are asked to:

- a. Note the contents of the report and accept the allocation of £616,279 capital funding from the Department for Education to be spent in line with Doncaster SEND Strategic Intent 2018 – 22 (Updated Special Provision Fund Plan).
- b. Delegate authority to the Director of People, in consultation with the Chief Financial Officer and the Portfolio Holder for Children, Young People and Schools to determine project allocations following appropriate statutory and non-statutory consultation with relevant partners.
- c. Note the requirement for the Council's Section 151 Officer to verify that the funding has been spent on Capital Projects by completing appropriate returns to the Department for Education.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. Local Councils play a key role in placing children and young people with special educational needs and Education, Health and Care (EHC) plans and it is important that they are involved in shaping the range of provision in their area. A number of children and young people currently placed in a range of settings in Doncaster, educated other than at school or placed outside of the area would benefit from suitable provision being made available locally, within Doncaster.
8. Local authorities have a statutory duty to ensure that there is a school place available for every child. The Children and Families Act 2014 requires local authorities to keep the provision for children and young people with SEN and disabilities under review (including its sufficiency), working with parents, young people, and providers.
9. In this context local authorities consider how best to use their capital allocation from the special provision fund to support meeting local need.

BACKGROUND

10. The number of children and young people with a statutory Plan has increased by a third from 1236 Statements of SEN in 2014 to 1650 EHCPs maintained by the Council as at January 2018. This is largely due to the extended age range following the 2014 SEND Reforms.
11. The data analysis and national benchmarking confirms that this trend is set to continue to increase with the number of children and young people in secondary and post 16 seeing the greatest increase. The most significant areas of need to be met are autism; social, emotional and mental health; and moderate learning difficulties.
12. Doncaster's 2018 national data submission reported that 38% (624 children and young people) of Doncaster children and young people with statements of SEN/EHC plans were attending any type of special school, which is around the national average. The number of placements in special schools has increased over recent years and is at its highest in January 2018. The majority of these special school placements are in LA maintained or academy special schools (89%). Doncaster funds approximately 550 places across its 5 state-funded special schools. Doncaster maintains two specialist resources for children with a hearing impairment in a mainstream primary and secondary school. As at January 2018, 1 % (17 pupils) of children/young people with an EHC Plan attended this type of provision which is less than half the national average (3.3%).
13. There are similar proportions of children and young people attending non-maintained special schools and independent special schools in Doncaster (4.2%, 70 children and young people) than national average (4.9%). There was an increase in the number of placements in independent special schools since 2014 but the proportion attending such provision has decreased reflecting the increased number of children and young people with an EHC plans.
14. Following the SEN reforms in 2014, there has been a significant growth in the number of young people with an EHC Plan attending a post 16 provision (364 young people in Doncaster - 23% of the total cohort 0-25, compared 15% nationally). 17% (285 young people) of young people with an EHC plan attend a general further education college; higher than the national average of 12%. There is a higher percentage of young people attending specialist post 16 institutions in Doncaster (4.4%, 72 young people) than nationally (1.3%).
15. The special provision fund was first announced on 4 March 2017 by the Department for Education to support local authorities to make capital investments in provision for pupils with special educational needs and disabilities. Local authorities can invest in new places and improvements to facilities for pupils with education, health and care (EHC) plans in mainstream and special schools, nurseries, colleges and other provision.
16. As a result, a SEND Review outlined in the One Doncaster Report and located under the governance of the Inclusion Programme Board has been carried out. The SEND Review includes targeted activity on a range of themes including: the review of sufficiency of placements; review of out of authority placements; integrated assessment, planning and review pathways and processes; education transport; preparing for adulthood; transition; and improving outcomes at SEN Support.
17. The review of sufficiency of special educational placements was completed with an indicative plan (Doncaster SEND Strategic Intent 2018 to 2022, Updated Special

Provision Fund Plan) was submitted to the Department for Education in March 2018 and added to our Local Offer. Initial indications were that a minimum of £500k of capital funding would be made available. The Council was successful in this application and consultation has been undertaken with schools, parents and other partners to establish funding priorities.

18. Subsequently on 29 May 2018 the Department for Education confirmed the allocations and next steps to secure the funding which was increased to £616,279 subject to:
 - the Council's Section 151 Officer verifying that the funding has been spent on Capital Projects by completing appropriate returns to the Department for Education, and,
 - the updating of our Special Provision Fund Plan by 29 March 2019 and again in March 2020 and 2021.

OPTIONS CONSIDERED

19. Currently a number of SEND children and young people are educated; in a range of settings across the Borough; placements outside of the Borough; are educated other than at school or are attending mainstream schools in the Borough but would benefit from specialist provision within the area. Whilst this may continue there are a number of benefits to expanding provision within the area outlined within the report.
20. Prior to the Council publishing the Council's Doncaster SEND Strategic Intent 2018 to 2022, Updated Special Provision Fund Plan on 14th March 2018 a number of options were considered that would either enhance, expand or create additional capacity for SEND children. Full details of those projects which include the new Communication and Interaction School and investment in Big Picture Learning are contained in the Special Provision Fund Plan noted above. The projects which were determined to be appropriate for full costing and consultation for the capital grant funding are included in Appendix 1.

REASONS FOR RECOMMENDED OPTION

21. The key principles for the development of SEN Learning Provision in Doncaster are set out in our Organisation of Learning Provision Strategy and are based on the early outcomes of the SEN Review. These principles are focused on:
 - Supporting the capacity of mainstream schools to enable them to be more inclusive;
 - Enabling Quality First teaching in every setting;
 - Ensuring sufficient quality alternative provision in settings that enable us to meet the needs of individual pupils leading to improved outcomes;
 - A transparent, accountable, and principled system that enables targeted work and sustainable challenge.
22. The Council has been given an opportunity to provide high quality, appropriate provision to meet the needs of a group of SEN children and young people within the Borough and to receive capital and capital grant funding from the DfE. The projects once approved will allow for the capital investment to deliver the required outcomes set out above in the most efficient manner.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>The proposals will release a significant capital investment with the majority of the work managed and undertaken by the Council's Professional Buildings Maintenance Department.</p>
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>The cohort of children and young people will benefit greatly from specialist provision in an appropriate setting within Doncaster.</p> <p>A number of children and young people will benefit from attending a local education provision with specialist resources.</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>Children and Young people of Doncaster will be provided with high quality, appropriate provision to meet their needs and enable them to flourish.</p>

RISKS AND ASSUMPTIONS

23. Reputational Risk: There is a risk to the council that not achieving the recommendations of the Strategic Intent (Special Fund Provision) Plan published in March 2018 will have a detrimental impact on outcomes for children and young people and not pursuing this opportunity and withdrawing from the process would result in a lack of appropriate provision within the Borough. Children and young people would remain within less appropriate provision increasing the risk of social isolation and loneliness and not enabling them to reach their full potential.
24. Financial Risk: There would be a risk of increasing pressure on the High Needs Block for any pupil placed in out of authority placements due to their higher costs and increase in transport costs.
25. It is critical for the benefit of the children and young people of Doncaster that they be provided with appropriate support within the correct setting to meet their needs. Therefore the impact of the implementation of the recommendations is critical. The Council has a history of delivering capital projects to time and within budget, significantly reducing the risk of delivery. The current risk rating is 20 = Likelihood 4 (likely) x Impact 5 (critical). However with secure project management in place and ongoing initial estimates already provided, the current risk rating is 10 = Likelihood 2 (unlikely) x Impact 5 (critical).

LEGAL IMPLICATIONS

26. Part 3 of the Children and Families Act 2014 places legal duties on Local Authorities to identify and assess the special educational needs of children and young people for whom they are responsible. They must then ensure that those children and young people receive a level of support which will help them “achieve the best possible educational and other outcomes” (Section 19 (d)).
27. Section 1 of the Localism Act 2011 provides the Council with a general power of competence, allowing the Council to do anything that individuals generally may do.
28. The report author must ensure that the terms and conditions attached the £616, 279 capital grant fund from the Department of Education are complied with. This will include the Council's Section 151 officer confirming to the Department of Education that the funding has been spent on capital projects and updating the Councils Special Provision Fund Plan by 29 March 2019 and again in March 2020 and 2021.
29. Director of People must ensure that E15 and E17 of the Councils finance procedure rules are complied with to ensure that the Council's interests are protected at all times and the Councils doesn't become subjected to clawback.
30. The allocation of funds for capital works will be subject to the Councils contract procedure rules.
31. The proposals may involve changes to some schools. The statutory guidance 'Making prescribed alterations to maintained schools' must be followed and the necessary consultation completed before a decision is made and implemented.
32. The decision maker must be aware of their obligations under section 149 Equality Act 2010, the Public Sector Equality Duty (PSED). It obliges public authorities, when exercising their functions, to have 'due regard' to the need to: eliminate discrimination, harassment and victimization and other conduct which the act

prohibits; advance equality of opportunity; and foster good relations between people who share relevant protected characteristics and those who do not. The relevant protected characteristics under the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination. The decision maker must ensure that they have seen the due regard statement. The duty must be exercised in substance, with rigour, and with an open mind and is not a question of ticking boxes. It is for the decision-maker to decide how much weight should be given to the various factors informing the decision, including how much weight should be given to the PSED itself. The duty is a continuing one and there should be a record/audit trail of how due regard has been shown. It is not sufficient for due regard to be a “rear-guard action” following a concluded decision. The decision maker must also pay regard to any countervailing factors and decide the weight to be given to these, which it is proper and reasonable to consider; budgetary pressures, economics and practical factors will often be important.

33. Further specific legal advice will be given throughout the life of the project.

[Officer Initials – NJD Date 08/06/18]

FINANCIAL IMPLICATIONS

Capital

34. The Department for Education (DfE) has allocated Doncaster MBC £616k to invest in improving the quality and range of provision for children and young people with SEN and disabilities aged 0-25. This allocation is expected to be paid as follows.

2018-19	£205k
2019-20	£205k
2020-21	£206k

35. The proposals numbered 1-3, as set out in Appendix 1, are expected to cost the following:

1. Maple Medical PRU (Mulberry)/Levett Pupil Referral Unit	£200k
2. Seedlings (to be based at Maple Medical PRU)	£200k
3. Heatherwood Special School	£150k
TOTAL	£550k

36. The total estimated cost of £550k above can be fully funded from the DfE grant of £616k and as such sufficient budget exists to cover the costs of these 3 proposals with the remaining £66k retained for a contingency. Whilst the grant is to be paid over 3 years it is un ring-fenced and therefore Doncaster Council is able to spend this allocation early using other confirmed DfE capital grants. The SEN grant above would then replace the DfE Grant as it is received.

[Officer Initials SB 20/6/18]

Revenue

37. All changes to high needs education provision and funded place numbers in settings, outlined within Appendix 1 of this report arising from these capital projects, will be funded from the High Needs Block of the Dedicated Schools Grant (DSG)

which is a ring fenced grant, provided by the DfE for these purposes. It is the LA's responsibility to manage the High Needs Block of DSG within budget, with accountability to School Forum on how it manages and makes arrangement for provision.

38. The impact of the additional places will need to be modelled and factored into the budget over the medium term to ensure the LA can continue to maintain a balanced position on the High Needs Block DSG overall. In general the impact of providing these places is as follows (which in total will be determined by the final numbers of pupils, when the projects are completed and where the pupils would alternatively have been placed):
- Proposal 1 - The costs of these placements would be either £15k for Levett or £18k for Mulberry/Maple however this is expected to be as an alternative to either providing funding of £8k in mainstream provision or roughly between £35k-£50k in alternative available out of authority provision.
 - Proposal 2 – Whilst Seedlings provision receives Early Years funding based on the number of children in the setting there may be additional high needs top-up funding required for staffing of the unit which will need to be quantified.
 - Proposal 3 - The cost of each placement is yet to be determined however is expected would be up to £20k per annum for post 16, however this is either as an alternative to providing additional funding of £8k in mainstream provision or between £16k-£50k in alternative available specialist provision.

[Officer Initials DB 8/6/18]

HUMAN RESOURCES IMPLICATIONS

39. There are no specific HR implications related to the content of this report for the council. There may be HR implications for the organisations depending on how they are using the money to achieve the Strategic Intent (Special Fund Provision) Plan but this will be for them to consider. If there are HR implications for the council arising from specific elements of the Plan these will be addressed at the appropriate time through the relevant governance arrangements.

[Officer Initials AG Date 07/06/18]

TECHNOLOGY IMPLICATIONS

40. There are no specific technology implications at this stage. However, as the proposals progress, Learning & Opportunities: CYP should engage with ICT to ensure any arising technology implications are fully considered.

[Officer Initials PW Date 07/06/18]

HEALTH IMPLICATIONS

41. Special educational needs and disabilities (SEND) can affect a child or young person's ability to learn, which will have an impact on the child or young person's health and wellbeing. This additional provision will help meet what are currently unmet needs for this population and should improve learning and subsequently improve health and wellbeing, as well as reducing health inequalities.
42. Children and young people will have had a statutory education health care needs assessment and will be in receipt of have an Education Health and Care Plan issued

by the Council. This statutory process will ensure that children and young people are provided with the most appropriate provision to meet their needs.

[Officer Initials RS Date 08/06/18]

EQUALITY IMPLICATIONS

43. The provision of capital funding to extend provision for pupils with Special Educational Needs and Disabilities will support their development across a range of settings from 0 to 25 and enable them to receive suitable education within the local area. This will increase and strengthen our Local Offer and support our obligations under the Equality Act 2010.
44. The Council's duty under section 149 of the Equality Act 2010 when exercising its functions to advance equality of opportunity and foster good relations between those who have a protected characteristic and those who do not share that protected characteristic, ensure fair access to learning and opportunities for all Doncaster children and young people.

[Officer Initials NMc Date 05/06/18]

CONSULTATION

45. Discussions have been held with colleagues within Finance, Property and Construction Services, Regeneration and Environment and Asset Board regarding the provision of a site for the school. proposed expansion and refurbishment projects set out in the Statement of Intent
46. A number of consultation events have been held with schools, parents and other partner agencies and it is intended that Officers will continue to consult and coproduce with parents, children and young people and other stakeholders throughout the delivery of the projects.
47. Should any of the proposals require a statutory consultation process including proposals to: extend an age range of a school; change designation; or increase the size of a school, the following arrangements will be required:-
 - Informal consultation with stakeholders – public consultation meetings with appropriate notice to partners (2 weeks);
 - Publication of statutory proposal and notice (minimum 4 school weeks);
 - Final decision to take place post the statutory notice period to proceed (subject to approval of delegated authority);
 - Inform relevant parties of the decision (within 1 week of the decision being taken);
 - Right of appeal to the adjudicator in this case by either the Church of England or Roman Catholic diocesan authorities (within 4 weeks of the decision).

BACKGROUND PAPERS

Doncaster SEND Strategic Intent 2018 to 2022, Updated Special Provision Fund Plan
14th March 2018

<http://www.doncaster.gov.uk/services/schools/review-of-send-provision-for-doncaster>

Department for Education - Special Provision Capital Fund Guidance - May 2018

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/710997/Special_provision_capital_fund_guidance.pdf

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Capital Projects

Prior to the Council publishing the Council's Doncaster SEND Strategic Intent 2018 to 2022, Updated Special Provision Fund Plan on 14th March 2018 a number of options were considered that would either enhance, expand or create additional capacity for SEND children. The projects which were determined for full costing and consultation are given below:-

Type of provision	Age range	Type of SEN or disability that the project is designed to meet.	Number of additional places	Timescale	Included in the High Needs Sufficiency Capital project	Venue
1. LA maintained alternative provision to a mainstream setting	Primary and secondary	SEMH and ASD needs (children who would be educated otherwise or at risk of exclusion)	Development of bespoke provision for more complex children with EHCPs – 30 places	2018/19 academic year over 2 years	Y Joint funding with Council)	Maple Medical PRU (Mulberry)/Levett Pupil Referral Unit
2. LA registered nursery	2-5	Complex social, communication and additional needs	Relocation and increase in the number of places from 10 to 20 and the entitlement offer of funded hours to 15 hours nursery provision per child	2018/19 academic year	Y Joint funding with Council	Seedlings provision based at Maple Medical Pupil Referral Unit
3. Special schools (state funded)	Primary and secondary and post 16	All types of SEN	Increase in funded places overall by 20 places including post 16-19	2018/19 academic year over 2 years	Y Joint funding with Council	Heatherwood Special School

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Doncaster Council

Report

Date: 17.07.2018

To the Chair and Members of the
CABINET

Proposed Sale of Part of Land at Plot 1, Lakeside

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr J Blackham	Town	Yes

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval to proceed with the sale of part of land at Plot 1 Lakeside to the preferred bidder – Option Two

EXEMPT REPORT

2. This report is not exempt however; there are a number of financial and commercial matters contained within Appendix 1 to the report which is commercially sensitive information. Therefore, Appendix 1 is NOT FOR PUBLICATION because it contains exempt information under Paragraph 3 of Part 1 of Schedule 12 (a) of the Local Government Act 1972 (as amended), information relating to the financial or business affairs of any **PARTICULAR PERSON (INCLUDING THE AUTHORITY HOLDING THAT INFORMATION)**.

RECOMMENDATIONS

3. That Cabinet support the decision to proceed with the sale on the terms reported.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

- 4.1 The sale of this asset will generate new commercial development for the borough. New developments will generate growth in the local economy and create and support local jobs through development and associated local

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infrastructure. Council revenues will be supported from new commercial development by the creation of additional business rates.

- 4.2 The Council will further benefit financially from capital receipts released from the sale of property assets which will directly support the delivery of the Councils Capital Programme.

BACKGROUND

- 5.1 The subject property currently comprises of circa 19.2 acres, the majority of which is vacant and surplus to the Council's operational requirements. Circa 3 acres of the site is currently used by Doncaster Rovers Football Club for away fan parking.
- 5.2 The subject land forms part of the Council's previously approved Capital Receipts Asset Disposal Programme. A total of 6.5 acres of land in this location has already been sold to XP School Ltd for the construction of a free school.
- 5.3 The available land was advertised by way of an informal tender for a period of 13 weeks seeking offers for the whole or parts of the site. The land was marketed both locally and nationally using Rightmove and EGI PropertyLink and received over 1,200 views on Rightmove. In addition 35 copies of the sales particulars sent out to prospective buyers and a total of 5 offers were received. The offers received are detailed in Appendix 1 to this report.
- 5.4 The most favourable bid was submitted by national operator noted in the appendix to this report – Offer A. Their proposal is for the construction of a warehouse / office facility for their own occupation
- 5.5 The bid is subject to gaining satisfactory planning permission and deductions to be agreed in relation to any abnormal development costs.
- 5.6 A summary of the offers received is included in Appendix 1 to this report.
- 5.7 The Urban Centre is a vital part of Doncaster's future; it is an important area of the Borough requiring significant attention and is a high priority theme of Doncaster Growing Together initiative. The key strategy document for the town centre that provides a framework of the future opportunities and improvements is the Urban Centre Master Plan (UCMP). The plan outlines a range of options and objectives to make the town centre successful, recognising that it needs to be adaptable to the changing environment, both physical and socio-economic and this proposed development will contribute towards the success of the Urban Centre.

OPTIONS CONSIDERED

- 6.1 *Option One: Do nothing (not recommended)*
The land would remain vacant and the Council would forgo the opportunity to generate a significant capital receipt.
- 6.2 *Option Two: Proceed with the sale to the preferred bidder (this is the recommended option)*
As well as receiving a significant capital receipt that will contribute towards

the Council's Capital Programme it will enable a national business to create a new warehouse and regional headquarters facility allowing them to expand their operation in Doncaster.

REASONS FOR RECOMMENDED OPTION

7. Following the evaluation of the offers it is considered that the offer made by Offeree A would generate the highest capital receipt and is the most deliverable in terms of planning policy as well as creating capacity for employment growth and retaining the business in the borough.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

8.

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>Releasing assets to support the development of new commercial property in Doncaster will show a firm commitment to the economic growth and regeneration of the Borough.</p> <p>The sale of this land will enable an existing business to remain and expand its facilities within the Borough supporting job creation and business opportunity.</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<p>Releasing assets to support the development of new commercial property in Doncaster will show a firm commitment to the economic growth and regeneration of the Borough.</p> <p>Through the generation of long term sustainable revenues from Business Rates new commercial development will help reduce pressure on budgets and support future service delivery.</p>
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in 	<p>Through the generation of long term sustainable revenues from Business Rates new commercial development will help reduce pressure on budgets and support future service delivery.</p> <p>New development and the expansion of an existing business creates the potential for additional</p>

	<p>Doncaster Schools that are good or better</p> <ul style="list-style-type: none"> • Learning in Doncaster prepares young people for the world of work 	<p>opportunities for apprenticeships for young people within the Borough.</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	<p>New commercial development on Lakeside will support the whole community and create an opportunity for a vibrant and mixed local community close to the town centre.</p>
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>The managed disposal of property assets shows a proactive stance for the Council to generate both receipts and future revenues and create new opportunities for development in the current and future environment.</p> <p>In common with our partners we continue to provide better value and quality solutions in the use of Council owned property assets.</p>

RISKS AND ASSUMPTIONS

- 9.1 A risk associated with not proceeding with the sale is that if we remarketed the site there is a risk that we would not achieve such competitive offers.
- 9.2 Similarly if we don't proceed with the sale local employment may be at risk as a failure to identify alternative suitable land within Doncaster could lead to this business seeking to relocate outside the Borough.
- 9.3 The offer made represents the current market value of the site and lies within both our expectations and is comparable with similar land sales nearby.

LEGAL IMPLICATIONS Officer Initials REP Date 11.06.18

10. Under s.123 of the Local Government Act 1972 the Council has statutory power to dispose of land without the Secretary of State's consent for the

best consideration reasonably obtainable. As this went through the bid process it is safe to assume that the best consideration has been obtained.

Under the Council's Financial Procedure Rules the approval of cabinet is required for the disposal of all properties for a receipt of £1m or more.

FINANCIAL IMPLICATIONS Officer Initials MB Date 11th June 2018

11. The capital receipts generated from the sale of part of plot 1, Lakeside will be used to fund the capital programme.

Due to the estimated disposal value being equal to or greater than £1,000,000, a decision of Cabinet is required.

HUMAN RESOURCES IMPLICATIONS Officer Initials DK Date 8th June 2018

12. There are no HR implications.

TECHNOLOGY IMPLICATIONS Officer Initials PW Date 8th June 2018

13. There are no anticipated technology implications in relation to this decision.

HEALTH IMPLICATIONS Officer Initials CT Date 11th June 2018

14. Public Health supports the development of the land particularly in where the use will provide employment which positively impacts on health. However, the land in question borders housing and allotments as well as a school therefore Public Health would ask that a Health Impact Assessment (HIA) be completed by the Developer as part of the planning permission process.

A HIA is a practical and systematic approach used to judge the potential health effects of a proposal, such as a development, on different groups of people. In this instance for example how it will impact on local residents, allotment holders and the school. The HIA considers impacts during the construction stage as well as the impact of the business itself long term. The findings of HIA are used to make recommendations to decision-makers and stakeholders, with the aim of increasing any positive health effects and decreasing any negative health effects. The primary aims of a Health Impact Assessment are to improve and protect health for our residents.

EQUALITY IMPLICATIONS Officer Initials: MK Date: 8th June 2018

15. There are no equality implications arising from the recommendation within this report

CONSULTATION

16. The subject land has previously had approval for sale on 20 February 2008 as part of the wider Strategic Disposal Programme.

BACKGROUND PAPERS

17. 20 February 2008: Cabinet Report: A Strategic Disposal Programme for General Fund Council Property and Land Assets 2007-2012 and Associated Issues.

REPORT AUTHOR & CONTRIBUTORS

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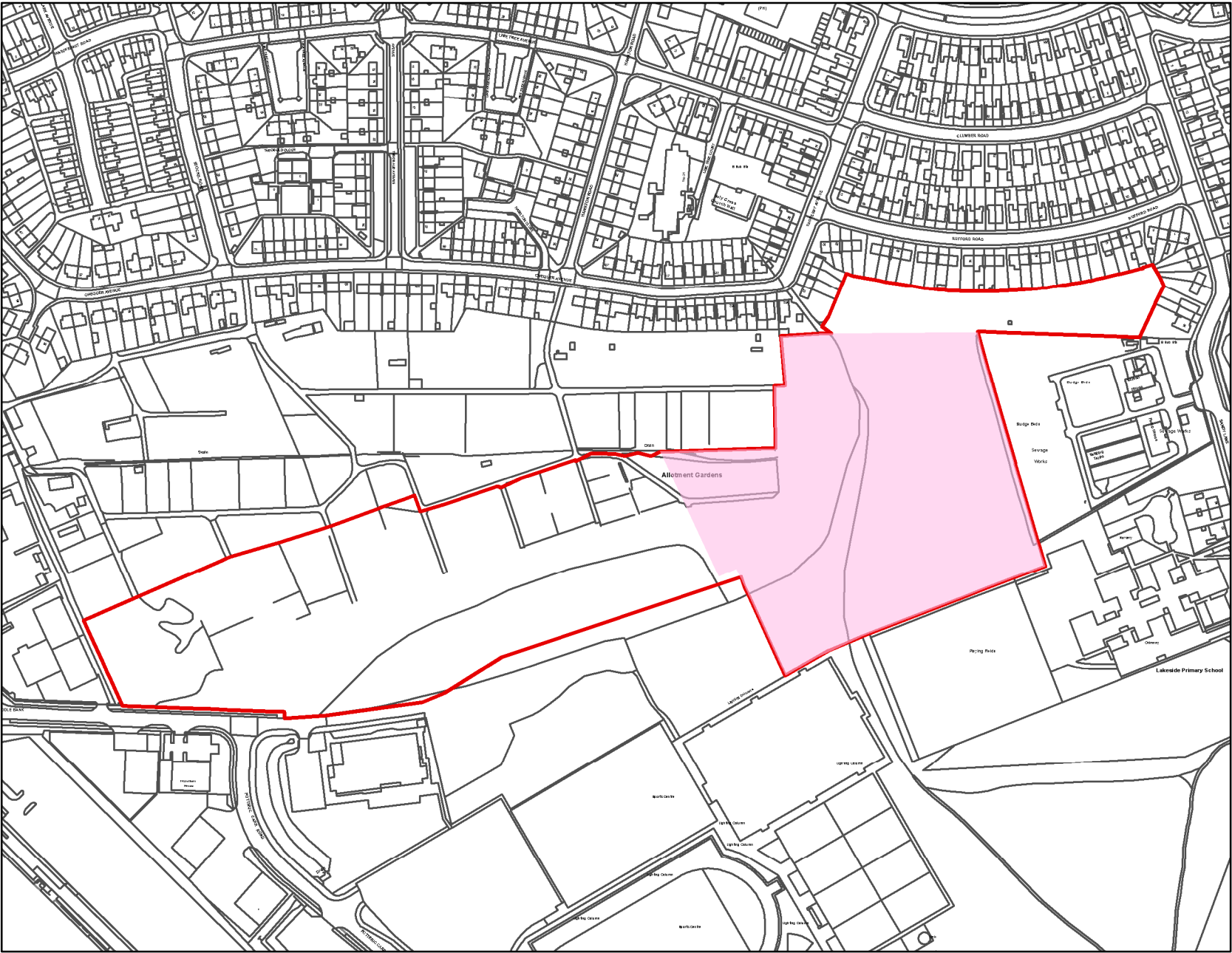
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Peter Dale

Director, Regeneration & Environment



Doncaster
Council

Key :



Plot 1 Site



Land recommended
for sale

Notes :

Title : Plot 1 Lakeside

Completed By :
rachaelr

Reference :
_A&P_RR_Work

Date :
08/06/2018

Scale :
1:3,547

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Doncaster Council

Date: 17th July 2018

**To the Chair and Members of the
CABINET MEETING**

SAVOY CINEMA AND RESTAURANTS – CIVIC AND CULTURAL QUARTER

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllrs Joe Blackham and Bill Mordue	All	Yes

STRATEGIC CONTEXT

1. The Urban Centre is a vital part of Doncaster's future; it is an important area of the Borough requiring significant attention and is a high priority theme of Doncaster Growing Together initiative.
2. The key strategy document for the town centre that provides a framework of the future opportunities and improvements is the Urban Centre Master Plan (UCMP). The plan outlines a range of options and objectives to make the town centre successful, recognising that it needs to be able to adapt to the changing environment, both physical and socio-economic.
3. The Urban Centre Master Plan presents a comprehensive analysis of the strengths to be cultivated and areas requiring attention and support. Directorate of Regeneration and Environment are currently working across a range of disciplines to develop and deliver managed programmes of interventions and infrastructure projects to be taken forward. We also need to be cognisant that new opportunities will constantly present and therefore the plan needs to be flexible to those opportunities.

4. The main body of work now is to ensure the delivery of the current tranche which includes CCQ, Quality Streets, Waterfront West and Scot Lane and establish the future tranches based around balancing the key priorities of deliverability, funding, and the outcomes. An over view of the progress to date will be provided as a preamble to the individual urban centre scheme reports for cabinet

EXECUTIVE SUMMARY

5. The disposal of land at Civic and Cultural Quarter (CCQ) known as 'Savoy Cinema Site' has been a longstanding leisure based development opportunity and was part of the Muse Development Agreement.
6. This site has been brought forward to Cabinet (02/08/2016) before for approval for Sheffield City Region Infrastructure Fund (SCRIF) funding. However, due to Muse being unable to make it work commercially, the proposal stalled.
7. A further paper was brought forward to Cabinet (15/08/2017) which sought approval to proceed with the Savoy Cinema Development with the Council acting as landowner, funder, developer and landlord of the completed development. This was approved subject to having the Savoy Cinema deal completed and enough restaurant tenants in place, prior to starting construction, to cover the funding costs.
8. This paper seeks Cabinet approval to procure and construct the development with just a lease in place with the Cinema operator but without any restaurant operators in place.
9. Once completed it will create an annual rent (details of which are expanded upon in the financial appendix), circa 100 jobs, an estimated rateable value of circa £530,000 and an enhanced CCQ leisure offer.
10. It is proposed that the Council will enter into lease negotiations with potential occupiers with a view to opening the scheme by end of 2019.

EXEMPT REPORT

11. This report is not exempt however; there are a number of financial and commercial matters contained within Appendices 2 and 3 to the report which are commercially sensitive information. Therefore, Appendices 2 and 3 are NOT FOR PUBLICATION because they contain exempt information under Paragraph 3 of Part 1 of Schedule 12 (a) of the Local Government Act 1972 (as amended), information relating to the financial or business affairs of any particular person (including the authority holding that information).

BACKGROUND

12. The Council had a ten year Development Agreement with Muse Developments Limited ("Muse") which was entered into in 2009. The agreement had been the foundation of the developments in the Civic and Cultural Quarter including the successful on time and within budget development of the Civic building, the Cast building, the Gables housing development and Sir Nigel Gresley Square and public realm. However, the agreement also covered a range of other sites, including the Savoy Cinema.

The original agreement would have seen many underway by now however due to a variety of economic and other reasons were not developed via the agreement with Muse.

13. The Development Agreement with Muse was terminated early, this allows the Council to step in and bring forward a number of development proposals that have previously stalled.
14. The Cultural Quarter has recently been transformed into a destination in its own right with the £20m Civic offices and the £22m Cast performance venue. The challenge is to now maximise the energy created by building on this with the Savoy Cinema development and the new library museum and archive building.
15. The Council owns the site, the development has planning consent, Savoy Cinema is ready to work with the Council and there are restaurant occupiers wanting to come to the development. The scheme has the benefit of approved SCRIF funding of £635,000 for the public realm aspect of the proposal. The figures presented in this paper are indicative and have taken account of the total costs previously anticipated. It is expected that as the due diligence progresses the overall project cost will reduce.
16. The intention is for the Council to fund and build the scheme as a whole to ensure a high quality scheme delivery and to ensure maximum benefits of cost control during the build programme.
17. The cinema element of the scheme has changed. Initially it was to be sold to the Savoy Cinema Group for a capital receipt. It is now proposed that the Savoy Cinema Group will now take a lease with an option to purchase at a later date. The restaurant element of the scheme is to be retained by the Council and let out on a commercial basis. During initial negotiations, Savoy required an agreement with at least two restauranteurs to be signed prior to the commencement of the construction. This would ensure that the Council cover their costs – (see Appendix 2 – Financial Summary). However Savoy has agreed that they no longer require pre-lets in place but they will pay a stepped rent increasing with the number of restaurant occupiers. This means that the scheme can now move forward with certainty albeit with more risk to the Council.
18. The reason for these changes are twofold. Firstly The Savoy Group has been offered alternative opportunities elsewhere on more favourable terms than previously agreed with Muse/The Council. The changes to the deal are recorded in more detail in the Appendix 2 to this report. Secondly the Savoy Group also accept the Council's wishes to progress the scheme, hence the initial need for a lease with an option to purchase and the removal for the need to have pre-lets in place prior to opening. Savoy has confirmed that they accrue a higher turnover the more lettings there are in place on the rest of the development. This accounts for the agreement for a rising rent depending on occupation.
19. There is demand for the scheme from restaurants, pubs and coffee houses and a restaurant market commentary has been attached at Appendix 3. However given our experience with Herten Triangle, it is important to demonstrate that the Council can bring deliverability and certainty to the leisure market. By securing a contractor and having a definitive start date,

with a signed cinema operator, this should be enough to move the current interest in the restaurant units into agreed leases. A Cinema Market report has also been attached at Appendix 1 which describes the robust nature of the Cinema market.

20. The Council is in a unique position to make a currently stalled scheme successful as the Council is the landowner and will retain part of the investment. This report recommends proceeding with a development funded through the Investment and Modernisation Fund due to the clearly identified regeneration benefits.
21. There will be long-term leases on a rent plus service charge basis to some financially strong national tenants. The projected returns, once completed and fully let will sit above the minimum return set out in the Council's Commercial investment Strategy at 5%. However until we agree leases, incentives and the final build costs the final return cannot be confirmed.
22. The development will be designed to have a 50 year lifespan with all leases granted on Full Repairing and Insuring terms with service charges for common areas.
23. Once built and fully let it is estimated that the development will generate revenue, 100 jobs and 530k business rates from the Cinema and five restaurant units at the initial investment cost as identified within Appendix 2. For the returns see the attached IRR calculations in Appendix 2.

RECOMMENDATION

24. That Cabinet notes the contents of this report and approves the following:

- Proceed with work to finalise plans, drawings and planning conditions and to complete the procurement for a contractor to construct the development.
- Delegate authority to the Council's Property Officer to negotiate terms and enter into contract with Savoy Cinemas and agreements to lease with potential operators for the proposed new units.
- Delegate to Director of Regeneration & Environment and Chief Finance Officer (in consultation with the Mayor) the decision to proceed with construction of the development once the Cinema operator has signed an agreement for lease. Procure and enter into an agreement to build in accordance with the Council's Contract Procedure Rules at the budgets identified in the report.
- Increase the budget for Savoy Cinema development in the Regeneration & Environment Capital Programme for 2018/19 using the virement of additional funding from the Investment & Modernisation Fund;

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

25. This undeveloped site, once completed, will provide the citizens of Doncaster with a secure income stream, a new leisure venue, around 100 new jobs and encourage use of the surrounding leisure facilities by the increase in visitor numbers.

26. This proposal sees the Council using its unique position to exploit its asset base to develop opportunities which create jobs growth and revenue through the generation of new rents and business rates.

OPTIONS CONSIDERED AND REASONS FOR RECOMMENDED OPTION

27. There are four key options available to the Council and these are set out below.

Option 1: Proceed with a disposal of the land by tendering the site for sale.

Option 2: Seek a second JV partner to work with to bring the development forward.

Option 3: DMBC step in as developer and landlord and commence development once the Cinema and three tenants have been secured.

Option 4: DMBC to step in and act as developer and landlord and to commence the scheme with only the Cinema secured as a tenant.

The recommended option is Option 4.

28. If the Council steps in as developer this will provide the best opportunity to ensure that the development comes forward creating an estimated 100 jobs, £530k of new business rates, a high quality revenue stream, and enhanced CCQ leisure offer. The scheme is just viable, for the Council, as the Council can borrow at public sector lending rates to fund the development and deliver a regeneration scheme which is of little interest to private sector developers at a lower rate of interest than a development company. As the Council will retain part of the development as an investment there are limited disposal costs that a developer would have to include as part of their proposal. Given recent Herten Triangle experience and prevailing market conditions there is little confidence that Option 1 and 2 will bring forward a viable development scheme given that the Council's former development partner was unable to deliver this. With the current difficult market in the restaurant sector some operators are unwilling to proceed unless there is certainty that the development will come forward. Option 3 provides a catch 22 situation whereby the Council cannot start as the hurdle of two to three tenants has not been met but the tenants will not commit as the Council cannot provide certainty. Option 4 provides that certainty.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none">• <i>Mayoral Priority: Creating Jobs and Housing</i>• <i>Mayoral Priority: Be a strong voice for our veterans</i>• <i>Mayoral Priority: Protecting Doncaster's vital services</i>	<p>There are no negative implications with this recommended course of action. By developing out the site DMBC will secure an opportunity to create new jobs.</p>

	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living.</i> 	<p>There are no negative implications that may impact on the councils key objectives.</p>
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living.</i> 	<p>This scheme will see development of a prime plot of land that has remained undeveloped at CCQ for a number of years.</p>
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services.</i> 	<p>There are no negative implications.</p>
	<p>Council services are modern and value for money.</p>	<p>This approach will improve value for money by releasing value from land that the council owns.</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	<p>There are no negative implications.</p>

RISKS AND ASSUMPTIONS

29. If it does not proceed the land will lie vacant until an alternative purchaser is found.
30. The Council can proceed and take advantage of this opportunity whilst there is demand from a Cinema operator and for the leisure units from restaurants and pub operators. The restaurateurs are largely suffering from tough trading conditions and so negotiations may be difficult to bring to a head.
31. As with any project of this nature there is a risk that the calculated yield/IRR will not be achieved until enough operators for the units have been secured, which could mean a financial underpinning until the required level of occupancy is secured. However we have two good operators currently in legal contract negotiations and there is other in principle interest from the market which we would aim to secure before completion.
32. The construction costs are detailed but may need updating depending on how the final schemes progresses. However a fixed price contract will be negotiated to mitigate this risk of cost over runs.

33. In the construction budget allowances have been made for abnormal costs as a contingency sum. However these assumptions may prove to be inadequate for the purposes of the scheme

LEGAL IMPLICATIONS (Adam Bottomley 11.05.18)

34. S2 Local Authorities Land Act 1963 gives the Council power to erect buildings for the improvement of their area. The provision of an improved leisure offer in the CCQ together with the creation of circa 100 jobs will improve the area both socially and economically.
35. The works identified in this report will be above the OJEU threshold for works contracts and must be procured in accordance with the Public Contracts Regulations 2015 or through a compliant framework. The report author advises that the contractor is to be appointed following a mini- tender process through the OJEU compliant North Lincolnshire Construction and Highways Framework.
36. The report only requires that an agreement to lease is entered into with the Cinema operator, without a requirement for any restaurant operators to be secured before construction of the development is approved. There is a risk that the Council will be contractually committed to carry out the development before other tenants are secured.

FINANCIAL IMPLICATIONS (Matthew Smith 09.07.18)

37. This section summarises the financial implications. A more detailed breakdown of the financial implication has been appended.
38. The capital costs are funded through prudential borrowing and SCRIF grant from Sheffield City Region.
39. The project is expected to deliver on-going annual savings per annum from 2022/23 onwards after construction is complete and all tenants are in place. Indicative borrowing costs for have been modelled and can be found in the appendix.
40. The borrowing costs have been modelled assuming a 50 year life for the development. The interest rate applied to calculate the borrowing costs is the 50-year PWLB maturity rate plus 0.5% IMF risk factor (in-line with IMF guidance). The resultant rate used is 2.92%.
41. Any changes to key variables used for the basis of the financial models for example changes in construction costs and asset life would impact on the indicative borrowing costs. The financial models would need to be amended to ensure the scheme was still financially viable.
42. In accordance with financial procedure rule B.17 budget virement between directorates above £500k must be approved by cabinet this report satisfies that requirement. The report recommends a virement of additional funding to meet the revised capital cost of the project.
43. Financial procedure rule B.11 requires that where a project involves a capital commitment of £1,000,000 or more, a further ODR must be completed for the approval of the relevant Director and CFO in consultation with the Portfolio

Holder (Finance & Corporate Services) before a formal commitment is entered into or a contract signed.

HUMAN RESOURCES IMPLICATIONS (David Knapp 31.05.18)

44. There are no HR implications.

TECHNOLOGY IMPLICATIONS (Elaine Thompson 06.06.18)

45. There are no specific technology implications in relation to the recommendations. However, as stated in previous reports, ICT and CCTV will need to feed in the requirements to ensure public safety in the public realm surrounding the proposed development and to ensure that there is no disruption to the council's private fibre optic network, which is currently situated on the land identified for development.

EQUALITY IMPLICATIONS

46. There are no equality implications.

PROCUREMENT (Holly Wilson 22.06.18)

47. The procurement of such commercial & leisure buildings detailed within the body of the report must be commissioned and procured in line with the Councils Contract Procedure Rules (CPR's) and the Public Contract Regulations 2015 (PCR2015).
48. Equally the forming of any joint venture (JV) must be carried out in line with the above rules and procedures and carried out via a competitive procedure.
49. It is imperative that the Council's Strategic Procurement Team (SPT) and Legal Team are involved from the outset of the project.

ASSET IMPLICATIONS (David Stimpson 11.06.18)

50. The CCQ Cinema Development scheme presents a significant commercial opportunity for both property and facility management as part of the Councils Commercial Property portfolio. It is standard practice for occupiers of multi-occupancy developments to pay a service charge towards the up keep and running of such developments. This process is normally managed and run by a property management company. The Council is uniquely placed to not only manage the schemes but to provide services into the management; such as landscaping, cleaning of common areas and repairs and maintenance.

CONSULTATION

51. Portfolio Holders Councillor Joe Blackham and Councillor Bill Mordue.

BACKGROUND PAPERS

52. None

REPORT AUTHOR & CONTRIBUTORS

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Peter Dale
Director of Regeneration and the Environment

Appendix 1 Cinema Market Commentary

Appendix 2 Financial Summary - (Exempt information under paragraph 3 of Part 1 of Schedule 12 (a) of the Local Government Act 1972 (as amended), information relating to the financial or business affairs of any particular person (including the authority holding that information).

Appendix 3 Restaurant Market Commentary - (Exempt information under paragraph 3 of Part 1 of Schedule 12 (a) of the Local Government Act 1972 (as amended), information relating to the financial or business affairs of any particular person (including the authority holding that information).

Appendix 4 Scheme Plan

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FAO: Simon Maxton
Doncaster Council

20th June 2018

Dear Simon,

DONCASTER CCQ SAVOY CINEMA DEVELOPMENT – CINEMA MARKET COMMENTARY

Further to your recent request for a report detailing the current state of the cinema market, we have pleasure in setting out our thoughts as follows.

The last 5 years has seen a very strong cinema industry with 2017 being another excellent year for the UK sector. The cinema-going public again responded to a diverse film offering and the continued investment by cinema operators in all aspects of the big screen experience such that 2017 out-performed 2016 in terms of both box office takings and number of admissions, the former setting a new UK record.

Also key were unprecedented levels of investment in the UK cinema sector, with the improved trading figures provided by digitisation and the continuing emergence of 'high end' business models in particular, including Everyman and Curzon amongst others. This has resulted in a significant number of refurbishments, with boutique cinemas being more and more prevalent with more comfortable, bespoke cinema experiences becoming the norm.

This, and the information below provides evidence of both the health of the UK cinema sector and its ongoing resilience in the face of wider economic and other commercial challenges. Visiting the cinema is still considered to be a relatively cheap night out - certainly versus a meal or going out for drinks and average cinema attendance in the UK approximately 2.5 visits per person per annum.

Cinema Attendance

Overall the 2017 calendar year showed an improvement on 2016, both in terms of box office (£1,277,878,351 - up 2.5 per cent on 2016) and admissions (170,616,775 - up 1.4 per cent on 2016), the former representing another record year for the sector.

The table below shows month by month admissions for 2017 and 2016.

Month	Admissions 2017	Admissions 2016	% Change
January	14,995,364	14,029,310	+6.9
February	16,479,373	15,352,658	+7.3
March	16,153,356	13,388,081	+20.7
April	15,642,269	13,134,753	+19.1
May	11,340,178	12,498,334	-9.3
June	9,583,856	10,707,878	-10.4
July	17,803,869	16,590,400	+7.3
August	14,474,561	18,088,513	-20.0
September	10,783,134	11,664,455	-7.6
October	12,106,187	15,191,619	-20.3
November	14,089,744	12,397,524	+13.6
December	17,164,883	15,216,370	+12.8
Total	170,616,775	168,259,894	+1.4

When considered against the preceding 3 years' cinema admissions, it is clear that the general pattern has been stable / rising attendances over the last 5 years.

- 2015 admissions - 172m
- 2014 admissions - 157m
- 2013 admissions - 166m

These national figures can however be easily skewed and indeed increased by the provision of a new cinema in a specific locality, as will be the case for the proposed Savoy in Doncaster. Cinemas are known to create their own markets, as it becomes a much smaller customer decision if they can walk say 15 minutes to their local cinema, or drive for 5 minutes.

At an individual level, a customer may decide to see a film at a cinema very close to where they live because they “quite fancy it and don’t have anything else on”, whereas someone of the same mindset would not be prepared to get in the car and drive 20 minutes.

2017 Top Film Releases

It is well known that fluctuations in cinema attendances from year to year can be attributed to particularly good or poor film releases, with 2017 being a good year following key film releases - the top 10 for 2017 being:

Ranking	Film Title	Box Office Takings (£m)
1	Star Wars: The Last Jedi	69.36
2	Beauty and the Beast	67.84
3	Dunkirk	53.27
4	Despicable Me 3	44.31
5	Guardians of the Galaxy Vol. 2	38.78
6	Paddington 2	36.55
7	It	29.88
8	Thor: Ragnarok	29.02
9	La La Land	28.58
10	Spider-Man: Homecoming	28.39

Cost of a cinema visit

There are often media pieces covering the supposedly high cost of a cinema visit, including ticket prices and the cost of cinema food and drink. However, cinema ticket prices compare favourably to other out-of-home experiences and the cinema-going public continues to be willing to pay for the immersive big screen experience. This shows no sign of abating.

Challenges facing the Cinema Sector

TV versus Cinema

Some are of the view that the rise of subscription services such as Netflix and Amazon Prime could be a danger for the cinema industry, however the strong box office revenues and cinema admissions figures above would suggest otherwise.

However, there are still some noteworthy figures in relation to Netflix:

- Netflix invested 6 billion dollars in video content in 2017
- Netflix reached 117 million subscribers, split about 50/50 between the US and the rest of the world.
- Netflix grew its revenues by a phenomenal 36% in 2017
- Netflix worldwide revenues of 11 billion in 2017 is approximately the same as the total US Box Office.
- Netflix has announced that it plans to spend 8 billion in 2018, on some 700 series and 80 feature films.

Amazon is catching up to Netflix, investing 4.5 billion in series and films in 2017.

The huge commercial success enjoyed by TV drama in particular, including flagship series like Game of Thrones and Breaking Bad has definitely improved ratings and turnover figures for television companies. The television format, with multiple episodes, is arguably a better medium to tell a longer story than a cinema and this will not change. Television also allows relaxed storytelling whereas films have no choice but to keep their offering short and relatively concise owing to circa 2 hour time constraints in most cases.

Films need immediate success, without which they fail. Television does not necessarily depend upon the numbers of viewers the first time an episode is aired. Breaking Bad for example was only moderately popular during its first two seasons.

Also, to make a more basic point, teenagers will always want to leave their parents at home and go out with their friends. Similarly, parents will want to watch films away from the home, without children.

All this leads to the argument that there is a place for both television and film in the longer term.

Business Rates

In the first few months of 2017, the UK Cinema Association was made aware of a number of members facing potentially significant increases in business rates for the period 2017/2018.

While this was in part caused by changes in local economic conditions since the last revaluation, it was also strongly felt by many that the framework being used by the VOA to assess the rateable value of cinemas was now markedly out of step with modern business models in the sector.

This may be something Doncaster Council wishes to bear in mind when assessing the new Savoy cinema, so as not to overburden it with undue occupational costs and to ensure its longevity.

The Challenge and Opportunity of Technology in Cinemas

Technology in the cinema industry is developing at a pace and older cinemas are having to invest heavily in order to retain their market share. The conversion to digital cinema technology, which took place almost ten years ago, has proved to be transformational for the sector, bringing with it the ability to be much more flexible in terms of programming as well as opening up new revenue streams from event cinema to digital 3D.

4K+

Due in part to Netflix, 4K is becoming the feature production and postproduction standard, and will be the upcoming feature projection standard.

Netflix has declared that it will not produce any content shot with lower resolution than UHD (3840 pixels / 4K) and cinema will need to compete. 4K is clearly emerging as the current production standard, and the upcoming projection standard for feature films.

A brand-new Savoy cinema in the CCQ should of course be absolutely up to date in terms of technology and of course the overall design. It will therefore be well placed to compete with the only other cinema within a 30 minute drive ie. the VUE at Lakeside

As a smaller operator with 4 cinemas currently, it should also be easier for Savoy to adapt to changes in technology in the cinema industry. Whilst they will no doubt expand over the years to come, Savoy is run by a very hands-on management team who monitor all their venues extremely closely and do whatever needs to be done to keep them current and up to date.

Innovation for the Future

There are innovations on the horizon that are likely to change cinema still further over the next few years:

4D

4D cinemas have been around for a long time but, they've mostly been reserved for tourist attractions like Madame Tussauds and Universal Studios. However, they are slowly starting to become more commonplace outside tourist attractions.

Specially fitted cinemas with rumbling seats, scent dispersal units, lightning flashes, wind and air blasts and more, make you feel the same things that the characters are feeling from your seat. That said, the technology isn't fully there just yet, but it's still pretty cool.

The only trouble is that it would cost cinemas a lot to upgrade to 4D. They'd essentially have to rip out every seat and buy newer, more expensive ones with all the technology inside. That's the reason there are so few 4D cinemas around the world.

Virtual Reality (VR)

Virtual reality has also been represented in some form at most of the major film festivals but VR is likely to be further into the future in terms of its mainstream availability. The first ever VR-only cinema opened in Amsterdam in 2016, with further openings planned for the future. People are given headsets to view films through and sit on swivelling chairs allowing them to look around unencumbered.

VR is still extremely expensive. In addition, VR technology isn't exactly great for traditional, narrative film-making. There is also the issue is one of storytelling - if viewers can be looking around at all times, they could potentially miss important shots or scenes because they were literally looking the wrong way!

Glasses-Free-3D

Glasses-Free-3D is the holy grail of cinema innovations. The technology is progressing and it does not require anything of the audience. Essentially, there is a filter that sits over a screen and splits the images on the screen into two, one for each eye.

This gives a 3D effect without the need to wear glasses. The technology has been implemented on some televisions and some Nintendo gaming consoles.

Laser Projection

Digital film projectors are already extremely sophisticated but further improvements to the experience will come when cinemas start to adopt laser projection, which shows black much better than traditional film projectors. This means better colour definition and image quality in general.

This technology is already being used in IMAX theatres around the world. It is just a question of how long it will take for the rest of the industry to catch up. It could make sense for traditional cinemas as lasers do not burn out, so in the long run this technology should save cinemas money.

Conclusion

The continued popularity of cinema shows no sign of abating and additional cinemas being built create new audiences within their locality. Savoy will be creating a technologically advanced facility at the Cultural and Civic Quarter in Doncaster, which will be well placed to compete with other offerings in the entertainment marketplace.

Therefore, as a long-term amenity for Doncaster generally and the Cultural and Civic Quarter specifically, the cinema should be confident of being a commercial success, in addition to complementing the other public access facilities in the immediate area.

We trust that this report provides the comfort you require in this respect and of course, should you require anything further then please let me know.

Kind regards

Richard Shuttleworth BSc (Hons) MRICS
DIRECTOR

cc. Tom Hodgson, Pudney Shuttleworth
Adrian Banks, Doncaster Council

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