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**Report to Council 12th March 2009.**

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**Subject: ALLOA TOWN CENTRE REGENERATION : SPEIRS CENTRE.**

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**Prepared by: Ninian Somerville : Development & Environmental  
Services, Dave Jones/Angela Leitch, Chief Executive**

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**1.0 Purpose**

- 1.1. To update members on progress with the proposals for the re-development of the Speirs Centre.
- 1.2. To establish a development plan that will allow our submission to the Heritage Lottery Fund to be received supportively.

**2.0 Recommendations**

- 2.1. It is recommended that the Council now approves Option (c) and allows officers to investigate and progress the most effective design within the approved Capital Programme budget.

**3.0 Considerations**

- 3.1. In October 2006, the Council approved the principle of re-developing the Speirs Centre. A design report was subsequently prepared by consultants (Malcolm Fraser Architects) incorporating the accommodation requirements identified by Services to People, which would provide a modern library with high quality exhibition space for permanent museum displays, activities such as dance and temporary/touring shows. This was the subject of a presentation to the Council on 12th December 2007.
- 3.2. Following this presentation, due to the cost implications, Development & Environmental Services were instructed to develop a business case and option appraisal of possible core options to determine the viability of proposals.
- 3.3. As a result, four core options were investigated, namely
  - a) Do nothing.
  - b) Convert/refurbish Speirs Centre as a library
  - c) Convert/refurbish the Speirs Centre as a library and museum with a Customer Service Centre and performance/exhibition space.

- d) Convert/refurbish and extend Speirs Centre as a library, museum and multi-purpose performance space.

An explanation of these options is at Annex 1.

#### 4.0 Preferred Option

- 4.1 Option (c) which includes a library, museum, Customer Service Centre and performance/display spaces is much the best option as value for money, within Council's perimeters of affordable capital expenditure and running costs.
- 4.2 Councillors, at the presentation in January, 2009, agreed that three of the four options under option (c) - namely 1, 3, 4 were potentially preferable, provided the revenue costs were acceptable.
- 4.3 To calculate the costs, some in-depth work has been done to work out the overall expenditure for the options. Overall, there is little to choose between 1, 3 and 4 in running costs, though the size of facilities offered does vary across them.
- 4.4 Option (c), in each of its versions, provides a modern attractive library, a very good museum facility with a Customer Service Centre, a bookshop, cafe and space for activities, such as dance or exhibitions of art work or touring museum exhibits.
- 4.5 This option (c), also has the cost closest to the original October, 2006 Council approved paper at between £3.1m and £3.6m. It is intended that some of this will be funded from a Heritage Lottery Fund grant. The Council has submitted a request for £990k; the result of this will be known by the end of the year. ERDF monies (c.£450k); and Historic Scotland (c.£250k) are also being pursued.
- 4.6 It has been assumed, very conservatively, that the new Speirs Centre will attract 21,000 visitors a year. This will be enhanced by around 140,000 library visits and many more for the Customer Service Centre and the exhibition/performance spaces. On the basis of projected usage figures at present it appears that the new centre will be very close to breaking even from the start. A breakdown of sub-options (1 to 4), and their usefulness, is shown at Annex 2. (This eliminates option (c) 2 as unsuitable).
- 4.7 The costs of the options (c) 1, 3, 4 are shown below;

##### 4.7.1 Capital

	Option (c) 1	Option (c) 3	Option (c) 4
Area m <sup>2</sup>	2256	2371	2466
Capital cost (£m)	3.1	3.38	3.63

All of these options have similar grant awarding potential.

#### 4.7.2 Running Costs

All of the current costs of Drysdale Street library, rent office, Speirs staff, Museum staff, Speirs Centre and cash collection staff have been put together to show existing budgets. Running costs have been estimated from property costs (heat, light etc) and staffing costs (see 7.1). In both existing budgets, and in future estimates, the rates costs have been taken into account.

Each of the options is assumed to attract 21,000 visitors, producing net income of £2.10 per person (£44,100 in total).

	Option (c) 1	Option (c) 3	Option (c) 4
Running costs, including salaries and property cost	£802,920	£808,986	£811,646
Less income (above)	£ 44,100	£ 44,100	£ 44,100
Less existing budgets (Library, Speirs etc)	£734,620	£734,620	£734,620
Net expenditure: (to be met from existing budgets)	£24,200	£30,266	£32,926

- 4.8 By bringing services together into a single facility and taking the opportunity to introduce new systems and methods it is anticipated that the facility will operate within existing budgets.

### 5.0 Sustainability Implications

- 5.1 It is a requirement that the Speirs Centre development is fully co-ordinated with the Town Hall proposals, the Co-op development and the new Clackmannan College, and dialogue is continuing with the representatives responsible for each. Integration is also paramount in relation to the traffic and transportation impact of the co-ordinated developments in association with the regeneration of the town centre.
- 5.2 Discussions with Corporate Development Services, concerning the provision of a Customer Service Centre within the Speirs Centre development, have been productive. This Centre has now been incorporated in all of the Sub-Options to enhance facilities for the public.

### 6.0 Resource Implications

#### 6.1 Financial Details

- 6.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

- 6.3 The approved Council Capital programme, at the time of writing this report, includes provision of £2.837m for this project (years 2008/09 to 2010/11), excluding any potential grants, but this may be subject to amendment in the 2009/2010 to 2011/2012 Capital Programme.

The Heritage Lottery Fund is considered to be a main key funding partner for the Speirs Centre project, and Jura Financial Services with their specialist expertise and previous proven success with applications to the HLF body, have been appointed to submit the application on behalf of the Council. Grant Aid will also be pursued for Historic Scotland and ERDF grant support.

Of this sum £45,217 has been spent this financial year and £48,594 in previous financial years on design fees for the Speirs Centre.

- 6.4 The full design team consultancy fees anticipated for the project are estimated at 15% of the contract value, required to take the project from Outline Design stage to completion. This includes architectural, quantity surveying, mechanical, electrical, civil and geotechnical engineering services.
- 6.5 The cost of the independent Business Case/ Options appraisals prepared previously by financial consultants Jura was £8,400.
- 6.6 In terms of revenue funding, continuing detailed work will be undertaken by officers to ensure alignment of net running costs of the redeveloped facility with existing budgets of current facilities.

## 7.0 Staffing

- 7.1 Staffing levels will be set within available budgets once the exact nature of the services to be delivered and the methods of delivery have been determined.

## 8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

### (1) Our Priorities 2008 - 2011 (Please tick ☒)

The area has a positive image and attracts people and businesses	X
Our communities are more cohesive and inclusive	X
People are better skilled, trained and ready for learning and employment	X
Our communities are safer	<input type="checkbox"/>
Vulnerable people and families are supported	<input type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	X
The environment is protected and enhanced for all	X
The Council is effective, efficient and recognised for excellence	X

### (2) Council Policies (Please detail)

Enhances Town Centre regeneration and development.

Protects and enhances built environment.

Improves quality of environment in the area.

Achieves local prosperity.

Preservation and refurbishment of Listed Building.

## **9.0 Equalities Impact**

- 9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☒

## **10.0 Legality**

- 10.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers

Yes ☒

<b>APPROVAL/SIGNATURE</b>	<b>DATE</b>
<b>Chief Executive</b>	

**REPORT TO COUNCIL**

**To: Head of Administration and Legal Services, Greenfield, Alloa FK10 2AD**

**Report author: Ninian Somerville, Dave Jones/Angela Leitch, Chief Executive**

**Service: Development & Environmental Services/Chief Executive's**

**Report title: Alloa Town Centre Regeneration: Speirs Centre**

**Date of meeting: 12th March 2009.**

**It is recommended that the attached report be:**

- 1. Given unrestricted circulation** ☒
- 2. Taken in private by virtue of paragraph \_\_\_ of schedule 7A of the Local Government (Scotland) Act 1973** ☐

**List any appendices attached to this report (if there are no appendices, please state 'none')**

- 1. Annex 1 - Summary of Options**
- 2. Annex 2 - Sub-options**
- 3.**
- 4.**

**List the background papers used in compiling this report . If you have completed a sustainability checklist please add this to your list (if there are no background papers please state 'none')**

- 1. Business case and Options Appraisal prepared by Jura Financial Services**
- 2. Report to Council October, 2006**
- 3.**
- 4.Nb. All documents listed must be kept available by the author for public inspection for four years from the date of the meeting at which the report is considered**

## **ANNEX 1**

The following is the summary of each Option.

### **Option (a) Do nothing**

This would minimise Capital Investment by simply improving maintenance of the current Speirs Centre and Drysdale Street Library premises, but an Option not considered to be suitable in terms of service modernisation and declining attendances.

The Option to simply improve the existing building, requiring Capital investment in a building that is unsuitable for the intended purpose, is considered unsustainable in the medium and long term.

There has been a 17% reduction in use of the Drysdale Street Library from 2006/7 to 2007/08, (137,000 people estimated to have used the facility over that period. It is expected that some 75% of the 40,667 people using the Speirs Centre gym facility will be using the proposed new Johnstone Centre at Alva .

The current net cost for running Drysdale Street Library is £592,410 and for the Speirs Centre, including the museum, is £142,210 totalling £734,620.

Within the next 2 to 3 years capital investment is required to maintain the Speirs Centre and Drysdale Street Library buildings as follows :-

Drysdale Street :     £250,000

Speirs Centre :       £600,000

This Option does not comply with the Council approval of October 2006.

### **Option (b) Convert/refurbish Speirs Centre as a Library**

An enhanced library in the Speirs Centre would generate a modest increase in users estimated at 145,000. This Option enables the Council to assess the value for money of including the Museum with the Core Library use. The estimated net operating cost for this single use is £627,410.

This Option does not comply with the Council approval of October 2006 as it excludes the high quality exhibition space for permanent museum displays and temporary/touring shows. It does however offer the potential to create a modern and attractive library within refurbished important heritage asset, while promoting wider area regeneration.

It would be likely to require greater capital commitment, but this would be offset by a potential Capital receipt for Drysdale Street Library. It would require a potential minimum increase of £35,000 p.a. in terms of operating costs compared with the existing facilities.

Because this Option excludes any facilities for the museum, it is not therefore as attractive as Option (c) to potential grant funding partners.

### **Option (c) Library, Museum and Customer Service Centre**

This Option complies with the approval of the Council in October 2006 and also includes Customer Service Centre, cafe and shop components associated with the enhanced facility. In developing the financial projections, a market penetration rate of 21,000 visitors is anticipated for the museum plus many more for the Customer Service Centre.

The overall net projected operating cost at current prices for providing a modern library in a totally refurbished "B" Listed building, together with high quality exhibition space for permanent museum displays and temporary touring shows, Customer Service Centre and ancillary commercial spaces with this Option is £769,550.

This Option offers potential to create modern attractive **library and museum within a fully refurbished important heritage asset**, while promoting wider area regeneration.

The multi-functional and comprehensive nature of the project will likely attract greater grant funding support and a lesser Capital commitment from the Council. Costs may also be offset by the sale of the established Drysdale Street Library property. Notwithstanding the improved usage of the facilities, the increased operating cost over Option (b) is estimated at £142,140 p.a. While this Option is potentially £34,930 p.a. greater than the "do nothing" Option it equates to potential subsidy for the museum facility and associated commercial outlets. There would also be support from the Customer Service Centre budget (consistent in each of Option C models).

### **Option (d) Library, Museum and Multi-Purpose Performance Space**

The market appraisal showed there was no significant cultural offering with regards to theatre in Clackmannanshire and existing/proposed venues did not offer the facilities or access required for modern performances. Two sub-options were considered for the scale of any multi-purpose space, one with 60 seats and the other with 120 seats.

The appraisal concluded that the net operating cost of the 60 seat version would be £930,000 compared with £900,000 for the 120 seat version.

This Option, however, was not included in the Council approval in October 2006 and there were subsequent concerns that, with the additional accommodation included, this proposal may result in over-development of the site and unacceptable revenue service costs.

It does offers the potential to create a modern attractive Library, Museum and Multi-Purpose performance space within a refurbished and extended heritage asset while promoting wider area regeneration.

However, the net capital cost likely to be £5.25m (plus fees) due largely to the cost of the required extension. Likewise the projected annual operating cost would increase to £900,000 (assuming the 120 seat version) some £272,000 p.a. more than the Library only Option (b) and £130,000 p.a. more than the Library/ Museum Option (c)



Having reviewed the original Council policy decision of October 2006, which sought to stimulate economic and physical regeneration and enhancement of Council Services, it is apparent that the main driver in relation to the cultural offer for the Council is the Town Hall project. It is not therefore considered viable to spend an estimated additional £5.25m (plus fees) in extending the Speirs Centre to also incorporate space for performing arts. Indeed the additional operating cost of the multi-purpose centre also renders it less viable in this context.

In terms of Capital costs for the Core Options, the following were prepared and have been updated, based indices to January 2009 prices as follows :-

- Option (a)    -        £0.95 million (excl fees)
- Option (b)    -        £2.5 million (excl fees)
- Option (c)    -        c£3.0 million (excl fees)
- Option (d)    -        £9.0 million (excl fees)



## ANNEX 2

### Sub-Options

Four Sub-Options of Option (c) were then prepared and were presented to members in January 2009. Consistent in each of the Sub-Options was the refurbishment and redevelopment of the existing Speirs Centre to form a modern library with flexible ancillary spaces, and the option alternatives relate to varying scales of a required extension, to meet the further briefing requirements of the Council, agreed with Services to People. The following is a summary chart analysis of the accommodation contained in each of the Sub-Options referred.

*Scoring reference is 3. (Excellent), 2. (Average) 1. (Poor) 0. (Not available)*

ELEMENTAL ANALYSIS	Sub-Option (c)1	Sub-Option (c)2	Sub-Option (c)3	Sub-Option (c)4
Entrance Mall	3	1	3	3
Customer Service Area	3	2	3	3
Café	3	2	3	3
Shop	3	0	3	3
Exhibition	3	2	3	3
Children's facilities				
Children's Library	3	0	3	3
Internet Surfing	3	0	3	3
Classrooms				
Multi-use space	3	1	3	3
Storytelling	3	0	3	3
Night Effect	3	3	2	3
Massing	2	1	2	3
Flexibility	3	1	2	3
Within Budget	3	3	2	1
TOTAL	38	16	35	37

