

## EXECUTIVE BOARD – 21 JULY 2015

<b>Subject:</b>	Royal Centre Transformation Project – Arts Council England Bid		
<b>Corporate Director(s)/ Director(s):</b>	John Kelly, Corporate Director for Community Services Hugh White, Director of Sport and Culture		
<b>Portfolio Holder(s):</b>	Councillor Dave Trimble, Portfolio Holder for Leisure and Culture		
<b>Report author and contact details:</b>	Robert Sanderson, Managing Director of Theatre Royal and Royal Concert Hall 0115 8985528 <a href="mailto:robert.sanderson@nottinghamcity.gov.uk">robert.sanderson@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total value of the decision:</b> £3.22m			
<b>Wards affected:</b> Arboretum		<b>Date of consultation with Portfolio Holder(s):</b> 12 May 2015	
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input checked="" type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input checked="" type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>Nottingham Theatre Royal and Concert Hall (NTRCH) has been successful in a Stage 1 application to Arts Council England (ACE) for its Royal Centre Transformation Project. The project will further develop the use of the Theatre Royal and Concert Hall by improving its facilities to increase its day time usage, whilst allowing it to continue to attract world class events to the venue. A Stage 2 bid has been developed which is now due for submission which, if successful, will release a further £1.491m of grant funding for the project, to add to the £117,000 of funding for the project which has previously been provided by ACE as part of the development process. The cost of taking the project from Stage 2 to completion will be £3.22m</p>			
<b>Exempt information:</b>			
<p>An appendix to this report (Appendix A) is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it could pose a risk to the commercial running of the NTRCH</p>			
<b>Recommendation(s):</b>			
<b>1</b> To submit a Stage 2 bid to ACE for the Royal Centre Transformation Project			
<b>2</b> To delegate authority to the Corporate Director for Community Services to accept any funding from ACE and sign the associated Funding Agreement.			
<b>3</b> To commit £328,000 for project and design team fees for the remainder of the project and			

delegate authority to the Corporate Director for Community Services to extend appointments and enter any further agreements to appoint to the project and design team as required.

4 Subject to the ACE bid being successful:

- (a) approve a Council contribution of £1.73m as match funding for the Royal Centre Transformation Project;
- (b) amend the Capital Programme to include the Royal Centre Transformation Project;
- (c) procure a building contractor and delegate authority to the Corporate Director for Community Services to enter into a contract up to the value of £2.893m.

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 To allow for the submission of an ACE bid for the remaining £1.491m of a total application of £1.608m of funding towards a £3.22m transformation project.
- 1.2 An extension to the appointments of the project team will cover the period between the submission of the bid and the announcement of whether the bid has been successful, whilst allowing additional resource to be brought in if required, as long as this remains within the overall budget. This will allow the project to continue over the evaluation period, prepare for the procurement of a building contractor and prepare for enabling works to take place in the Box Office and Kiosk. A second extension will be made to cover the period from the announcement for the remainder of the project should the scheme progress.
- 1.3 Adding the scheme to the Capital Programme will commit the Council to funding its share of the development costs.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 NTRCH has received Stage 1 approval for its bid from ACE for the Royal Centre Transformation Project. Since that point the Council have been developing a Stage 2 submission in order to submit a final bid, which if successful, would release £1.491m of grant funding. This added to the non-returnable Development Grant previously released by ACE of £117,000, to develop the Stage 2 submission will bring the total value of the funding released through this process to £1.608m.
- 2.2 The aim of the project is to further develop the use of NTRCH to enhance it as Nottingham's flagship arts venue capable of providing high quality facilities for world class arts programming.
- 2.3 The essence of the project is to enable the building to flourish as a daytime facility which would be open for a wide variety of users which would supplement its current, predominantly night time offer, and make an even greater contribution to the life and daytime economy of the City Centre.
- 2.4 The project's principal objectives are to:
  - dramatically improve the building façade and streetscape on Foreman Street by creating a striking new two story canopy providing a new entrance to the Theatre Royal and the Concert Hall;
  - restore and make a feature of the roof terraces;
  - improve and remodel the Box Office and Concert Hall entrance foyer;
  - modernise the NTRCH's meeting and function rooms to improve income generation and extend the range of groups who can use them;
  - provide better rehearsal space for local arts and community groups;
  - refurbish all the Concert Hall bars and catering areas.

- enlarge and improve the current café/bar into a modern, attractive, all day space.
- 2.5 The delivery of this investment will lead to the potential to increase the use of NTRCH during the daytime so that it can reach wider audiences and participants, expand its community and education programme, and improve the rehearsal spaces available to local and visiting groups.
  - 2.6 In addition to this the project will also increase NTRCH's financial resilience by creating more income generating opportunities through the creation of additional lettable space and improved catering facilities.
  - 2.7 The project was successful in securing a Stage 1 approval from ACE for the project which is, in total, forecast to cost £3.467m, with £247,000, being incurred in development costs, which were previously approved under Delegated Decision 1684.
  - 2.8 A Stage 2 application is due to be submitted in September and, if successful, will lead to the release of the remaining grant of £1.491m from ACE and allow the remaining works, which are forecast to cost £3.22m between the submission of the Stage 2 application and the completion of the project. The remaining funding will be provided by the City Council.
  - 2.9 Once the Stage 2 submission is submitted it will be reviewed by ACE, a process which normally takes between 12 and 14 weeks, after which the Council will be notified as to whether the bid has been successful.
  - 2.10 In the interim period the Council intends to retain the project and design teams, to be further supplemented by the use of the Council's Major Programmes team, to continue developing the project and start to prepare for the procurement process, so momentum is not lost should the bid be successful. This will allow the project to remain on track to deliver the project by the autumn of 2017. The project team will also commence enabling works on the Box Office and Kiosk (£41,000), which will allow designs to be completed and tendered in time for the full works to go ahead in these areas in the summer of 2016, should the ACE bid be successful, so as to incur the minimum amount of disruption to NTRCH's activities.
  - 2.11 The procurement process for the appointment of the project team allows for an extension, should the bid be successful.
  - 2.12 To support the intention to maintain momentum on the project a pre-application presentation with Planning has been scheduled for 12 August 2015, with the intention of seeking final planning permission in September 2015.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Not submitting the Stage 2 bid was rejected as it would mean that abortive costs would have been incurred and the opportunity to secure £1.6m of external funding to be used to improve the cultural and educational offer from NTRCH would be lost, along with the chance to increase its financial resilience.

### **4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 The financial implications of this report are contained in the exempt appendix A.

## **5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 The two key risks associated with the project and cost certainty at this stage concern the age and use of the building. The project involves working in an operational building and the ability to do works is restricted to times in which those works can be both safely carried out and not impact on performances and rehearsals. Extensive planning has taken place to ensure that suitable time slots can be identified during which contractors can carry out works and these time slots will be enshrined in any contractual documentation entered into to deliver the project. However, there remains a risk that should there be delays to the programme, or if any of these timeslots no longer become available, that the project may incur additional costs due to either compensation events raised by the contractor or further loss of income to NTRCH.
- 5.2 The costings on which the bid is based do include a number of allowances for various site conditions, which have been prepared by the project's advisors based on the best current information available to them. In addition to this the architects have tried to manage these risks through the design process through reviews of existing surveys and choice of construction methods. The risk around the levels of these allowances being correct will remain with the City Council, which could, if they later prove to be different to the forecast, lead to either additional cost or savings to the scheme depending on the final cost.
- 5.3 If the City Council is successful in its bid, the Stage 2 award will be subject to a grant funding agreement which is likely to include conditions specifying monitoring and reporting on expenditure and provisions which may oblige the City Council to repay funding, for example, in the event of lack of progress. The City Council should, where possible, include provisions in its agreements with its delivery partners which enable the City to recover any funding it must repay to the Arts Council. The appointment of contractors and advisers to the project must be undertaken in accordance with the City Council's Financial Regulations and applicable EU procurement regulations. The funding agreement with the Arts Council may include additional procurement obligations which will need to be complied with.
- 5.4 The Arts Council will need to ensure the payment of the grant to the City Council is not state aid. The City Council should discuss with the Arts Council the available exemptions from state aid and agree whether it is necessary to make any notification under the state aid block exemption for heritage and cultural conservation.

## **6 SOCIAL VALUE CONSIDERATIONS**

- 6.1 The recommendations will improve the fabric of NTRCH and create additional spaces which will be used not only to continue to attract a world class cultural offer to the city, but also to expand NTRCH's community and education programmes

## **7 REGARD TO THE NHS CONSTITUTION**

- 7.1 N/A.

**8 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

**9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

None

**10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

Delegated Decision 1367 - Arts Council England Stage 1 Funding Application for a grant of £1.492m towards a range of works, 6/3/14

Delegated Decision 1684 - Nottingham Theatre Royal and Concert Hall Arts Council England, Stage 2 Grant Submission 8/10/14

**11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

Richard Beckett, Acting Head of Service, Major Programmes  
Andrew James, Solicitor  
Steve Ross, Finance Analyst