



Report to: Policy and Resources Committee, 6th September 2022

Report of: Managing Director

Subject: FUTURE HIGH STREET FUND – PERFORMANCE ARTS VENUE

1. Recommendations

That the Committee:

- 1.1 approves the submission of a planning application for the new Performance Arts Venue, comprising the former Corn Exchange and Scala Theatre and the Angel Place public conveniences;**
- 1.2 authorises officers to commence a procurement process to seek a construction partner to deliver the new Performance Arts Centre;**
- 1.3 approves the acquisition of a long leasehold interest in 6 Angel Place to support the delivery of the new Performance Arts Centre with terms delegated to the Corporate Director – Finance & Resources in collaboration with the Chair and Vice Chairs of this Committee;**
- 1.4 authorises officers to explore additional funding routes to meet the costs of the delivery of the new Performance Arts Centre;**
- 1.5 notes that a further report will be brought to Committee for final decisions on the construction contract and funding package early next year; and**
- 1.6 notes the plans for continuing the dialogue with community arts representatives regarding the future of the Swan Theatre.**

2. Background

- 2.1 In December 2020, Worcester City Council was successful in obtaining £17.9m of Future High Street Funding towards regeneration of the Blackfriars area of the City Centre from the then Ministry for Housing, Communities and Local Government (MHCLG).
- 2.2 Following the award of the funding, the Council has progressed each intervention and embarked on a programme of activity to develop each project. This Report sets out the progress of the proposed Performance Arts Venue and recommends key decisions in the continued development of the project.
- 2.3 The Council acquired the Corn Exchange building in April 2021 and the former Scala Theatre in October 2021. In Spring 2021 the Council commissioned a feasibility study to provide strategic advice on the proposal to deliver a new performance arts venue on the site of the Scala Theatre and Corn Exchange. This study concluded that the buildings had significant potential to create a new thriving performance arts

destination; the feasibility report was summarised in a report to Policy and Resources Committee in November 2021.

- 2.4 In March 2022, the Council appointed a multi-disciplinary design team led by Burrell Foley Fischer architects, specialist theatre consultants, Theatreplan, and Equals Consulting as project managers and cost consultants to develop detailed plans for the Performance Arts Venue.

3. Preferred Option

3.1 Planning Application

- 3.2 The Council has been working closely with architects, Burrell Foley Fischer (BFF), to develop a leading Performance Arts Venue that will bring back into use the vacant former Scala Theatre and adjacent Grade II Listed Corn Exchange as a location for theatre, music and other events.

3.3 The proposed building is being designed to provide:

- A main theatre/auditorium in the existing Scala Theatre building providing c. 500 seats offering flexible acoustic solutions suitable for a range of programmes and performances
- A supporting studio theatre in the Corn Exchange providing c. 110 seats to complement the main auditorium
- A new food and beverage offer within the Corn Exchange to activate the building frontage with fully accessible facilities
- An ancillary food and beverage offer to support the studio theatre and any balconies provided in the main auditorium
- Front-of-house facilities and foyer facilities to support the active use the building including the provision of fully accessible public WC's
- Accessible back of house facilities, wheelchair accessible changing rooms and supporting green rooms for performers

- 3.4 In developing the design, BFF are proposing to reuse the existing building fabric wherever possible to reduce the environmental impact of the project. Where the fabric is being replaced, a high level of thermal performance will be provided, ensuring the sustainability credentials of the proposed facility.

- 3.5 Due to space limitations, whilst the existing façade will be retained the current Angel Place toilet block will be repurposed to provide dressing room, wardrobe and green room facilities. Clearly signposted and easily accessible replacement toilets will be provided within the facility, and these will include a Changes Places WC, baby changing facilities and gender-neutral WCs.

- 3.6 The Council met with key stakeholders across the city on 13 July 2022 to discuss the emerging design proposals for the new Arts Venue. The architectural team received productive comments to the draft plans presented; these comments are being considered in the preparation of the final drawings for the planning application.

- 3.7 In addition, ongoing dialogue with stakeholders and in particular, those representing the community arts organisations will continue with regard to the future of the Swan Theatre. Once these discussions have concluded, a further report will be presented to Members with recommendations for the future of the Swan Theatre.

- 3.8 BFF are currently at RIBA Stage 2 in the design process. A Stage 2 design report has been issued to the Council and sets out the concept design proposals as part of developing and delivering the above requirements. This concept solution forms the basis for future design development and subsequent planning application.
- 3.9 Key draft design drawings showing the main auditorium, studio theatre and foyer/access arrangements are included as an annex to this report.
- 3.10 It is proposed that a planning application (and also an application for Listed Building Consent) will be submitted in the early Autumn to the Local Planning Authority for determination.
- 3.11 Procurement
- 3.12 The selection of an appropriate procurement method is a key factor in the delivery of a successful construction project. The procurement route chosen has a significant impact on the timescale and cost associated with any project and as such careful consideration should be made to the specific requirements of the Client and characteristics of the development. These include:
- Design development and responsibility;
 - Cost certainty;
 - Risk;
 - Timescale;
 - Project complexity;
 - Quality control;
 - Ability to accommodate change to the scope of works; and
 - Contract administration.
- 3.13 The Council therefore seeks to start the procurement process for a construction contractor as early as possible. Officers has considered advice from their professional advisors and project managers, Equals Consulting, in relation to the procurement options for development of the Performance Arts Centre and propose that a two-stage procurement process is used. This will provide a degree of cost certainty after the initial stage and is best suited to complex projects of this nature; under the two-stage procurement process, the Council and its appointed contractor will work together to develop detailed cost proposals, following which the Council will have the option of deciding whether to proceed with the contractor's proposals or whether a different approach will need to be taken.
- 3.14 The costs of the construction on the new Performance Arts Venue are the subject of detailed scrutiny by the Council's cost consultants, Equals and will be challenged through a competitive tendering process. The anticipated costs of the project are in excess of the existing thresholds for EU-level procurement and under the Council's procurement rules, approval of the Committee is required to proceed. The procurement process will allow for the construction partner to be retained to undertake any works on other assets which the Council decides is necessary to support the operational delivery of the new Performance Arts Venue. Therefore, the published procurement value will be set considerably higher (circa £15m) than the anticipated costs of the Performance Arts Venue element.
- 3.15 The decision on the final appointment of the construction partner and the commercial terms of this appointment will be referred back to Members in a further report early

next year, which will also include details of funding options identified to meet the total construction budget (see section 3.21).

3.16 Property Acquisition

3.17 The proposed Performance Arts Venue will provide a new cultural hub for performance in Worcester City Centre. At the core of the redevelopment is the unlocking of vacant, historic and important sites in the town centre. The collaborative design being developed by BFF responds to the core requirements of the brief in creating a contemporary building of which Worcester can be proud. However, due to the historic nature and city-centre setting of the existing buildings, there are constraints in developing adjoining spaces.

3.18 No. 6 Angel Place is a property immediately adjacent to the Scala Theatre and is currently being marketed for occupation. It provides a ground floor retail unit and ancillary accommodation at first floor above both 4 and 6 Angel Place. The property provides the opportunity for additional office accommodation to support the future operation of the Arts Venue at first floor level and a ground floor retail unit which could be utilised for a number of uses including storage.

3.19 The Council has the opportunity to acquire a long leasehold interest in this property. The acquisition would be subject to the successful grant of planning permission for the Performance Arts Venue. Negotiations are underway and subject to this Committee's approval to the principle of acquisition within FHSF budget, it is recommended that the agreement of final terms is delegated to the Corporate Director of Finance & Resources in collaboration with the Chair and Vice Chairs of this committee. Final acquisition will rest on the approval of DLUHC (Department for Levelling Up, Housing and Communities).

3.20 The Council will continue to explore additional operational facilities in the immediate vicinity of the proposed Performance Arts Venue and bring any opportunities back to this Committee for consideration.

3.21 Funding

3.22 Since the submission of the FHSF Business Case in 2019, global construction material costs have continued to escalate.

3.23 These increased material and construction costs are affecting the overall cost budget for the construction of the new venue. Therefore, the Council will continue to explore additional sources of funding to further subsidise the development.

3.24 In August 2022, the Council submitted an expression of interest to The Arts Council's Cultural Development Fund (CDF) to subsidise the development of the Studio Theatre in the Corn Exchange. This element was not previously described in the Future High Street Fund business case submission (2019) and the CDF encourages activities that unlock local growth through capital investment in transformative place-based activities and cultural initiatives. Shortlisting for this fund takes place in late September and Members will be advised whether the Council is invited to take its bid forward, with a final funding decision not expected from The Arts Council until March 2023.

3.25 The Council continually monitors the expenditure of the Future High Street Fund against the proposed interventions as set out in the original business case. As a

result of private sector investment in the former Panama Jacks property, funding of £280,000 originally earmarked for this development has been reallocated to the Scala Theatre and Corn Exchange.

- 3.26 Due to the fact that a mutually acceptable valuation could not be reached with the owners, the originally planned redevelopment of Trinity House is no longer possible. As a result, the Council is currently reviewing the grant received for Trinity House with a view to obtaining Government support to reallocating this sum in part or in whole to the development of the Scala and Corn Exchange.
- 3.27 The Council is also working closely with BFF in to ensure that the emerging design options provide value for money and cost-effective solutions.
- 3.28 The Council will work closely with the operator of the Performance Arts Venue to explore private contributions and sponsorship opportunities.
- 3.29 The Council will consider borrowing at preferential rates from HM Treasury.
- 3.30 It should be noted that up until this point in the delivery of the programme and in the implementation of all the recommendations in this report, all funding comes solely from the FHSF grant allocation. There is no call on Council funding and the Council is at no risk of any funding being clawed back. As noted in paragraph 3.15, a further funding report will be presented to Members before any decision is made to let construction contracts.

4. Alternative Options Considered

4.1 Performance Arts Venue – Design and Planning

4.2 The Theatreplan feasibility report prepared in October 2021 identified the optimum primary uses for each building and these were reviewed and confirmed by the design team led by BFF. A detailed appraisal then considered the Corn Exchange and Scala with the following options and areas of investigation:

- The possible seating layouts to achieve capacity for the Main Theatre in the Scala;
- Means of access and escape to support the audience capacity in the Scala;
- Location for connecting the Scala and Corn Exchange;
- Alternative layouts for facilities in the Corn Exchange at ground and basement levels for the bar, kitchen and public WCs;
- Alternative layouts and sizes for the studio theatre in the Corn Exchange

4.3 Property Acquisition

4.4 The Council has monitored the availability of vacant property within the Future High Street study area since the successful award of the grant in December 2020.

4.5 All properties are assessed against the objectives of both the FHSF and the Council's ambitions in renewing and reshaping the Northern Gateway of Worcester City Centre in a way that improves experience, drives growth and ensures future sustainability. Any future opportunities identified will be recommended to this Committee setting out the business case and benefits from further investment.

5. Implications

5.1 Financial and Budgetary Implications

- 5.2 The acquisition of the key strategic property assets for the FHSF project will be funded by Future High Streets Fund grant. The original budget for the Scala and Corn Exchange element of the project, approved in the submission document and agreed with the Department for Levelling Up was £7,242m, of which FHSF Grant funding was £6,517m. The remaining £725k is the Council's contribution arising from income proposed to be derived from the project.
- 5.3 The costs of the proposed development outlined in the report are being finalised and will depend upon the outcomes of the procurement exercise. However, it is evident from other capital programmes that costs are likely to exceed the original budgets due to the inflation factors included in the report. As noted previously, alternative income sources are being considered to address the potential gap, along with reallocation of uncommitted FHSF grant, which is subject to approval by DLUHC.
- 5.4 The full financial implications will be reported following the procurement exercise and in the light of decisions by Government departments regarding allocations of funding. Any remaining funding gap will be mitigated by re-engineering of the design proposals and/or additional capital funding through capital receipts or borrowing. As noted above, this will be the subject of a separate report to this committee before and contracts are let.
- 5.5 The acquisition of 6 Angel Place was not included in the original FHSF proposal and acquisition will be dependent upon reallocation of FHSF grant.

5.6 Legal and Governance Implications

- 5.7 The Council has powers under s120 Local Government Act 1972 to acquire land for the purpose of any of its functions or for the benefit, improvement or development of its area.
- 5.8 In respect of the proposed property acquisition, full legal due diligence will be undertaken prior to the exchange of contracts so that the rights and liabilities relating to each property are understood.
- 5.9 The Council proposed to fund the acquisition using Future High Street Funds, subject to Government acceptance for a project change request.

5.10 Risk Implications

- 5.11 There are a number of risks inherent in all property redevelopment. Until detailed survey and design work is completed the potential costs of redevelopment cannot be relied on. The Council would seek to mitigate these risks by working with its architects and cost consultants appointed to deliver the new Performance Arts Venue.
- 5.12 There is a risk that Government may not agree to the re-allocation of funding within the FHSF programme to enable the construction costs of the Performance Arts Venue to be fully met. The Council is in dialogue with civil servants to ensure the variation

process is progressed effectively and in the meantime the Council is identifying other sources of funding to support aspects of the project.

5.13 Corporate/Policy Implications

5.14 The FHSF is key priority programme delivering the Council's ambitious regeneration priorities as set the in the City Masterplan. This report supports the delivery of FHSF projects and ensures continued progress of the regeneration of Worcester City Centre.

5.15 Equality Implications

5.16 There are no specific equality implications arising from this report; the proposals are intended to ensure that equality diversity and inclusion is central to the design and delivery of projects within the programmes and equality impact assessments will form part of future detailed design stages of the project.

5.17 Human Resources Implications

5.18 There are no immediate direct HR implications arising from the recommendations.

5.19 Health and Safety Implications

5.20 None arising directly form the report. The Council will ensure that appropriately qualified contractors are engaged to deliver the works funded through this Scheme.

5.21 Social, Environmental and Economic Implications

5.22 The recommendations in this report will support the Council's regeneration aims for this part of the city centre. As set out in the original FHSF submission, the FHSF programme aims to provide significant positive impacts in the economic, environmental and social wellbeing of the city. The recommendations in this report further these original aims. A set of overall objectives for the FHSF project in Worcester was agreed by the Committee when the funding was initially allocated; these include a commitment to environmentally sustainable design as well as the development of inclusive facilities.

Ward(s): Cathedral
Contact Officer: Jamie Fox, FHSF Interim Programme Manager
Jamie.fox@worcester.gov.uk
Background Papers: Report to Policy and Resources Committee, 16th November 2021