

TEST VALLEY BOROUGH COUNCIL

HEAD OF SERVICE'S DECISION

Committee:	Executive
Chairman:	Councillor Ian Carr
Head of Service:	Ian McKie, Head of Leisure

PROVISION OF A CULTURAL FACILITY FOR ANDOVER

REASON FOR URGENCY

(After consultation with the Chief Executive)

To enable the Council to fulfil its objective to have the new venue open by 2006 the College has to vacate and relocate its various facilities from the premises. As this process will take several weeks, and can only be done outside of term-time to avoid disruption to its students, it can only be done during the summer vacation period.

The College has only just received approval from the Learning & Skills Council to dispose of the premises. There is therefore an immediate opportunity to carry out these relocation works to enable a summer 2006 opening. The next available opportunity would be summer 2006, meaning a 2007 opening which would push back the timescale envisaged in the original committee report.

A phased vacation and relocation programme was considered but would have been longer, more difficult and costly to achieve.

DECISION

(After consultation with the Chairman (or in his absence the Vice-Chairman), who has not requested that the matter be referred to a special meeting of the Committee).

The Heads of Agreement outlining the terms of the purchase and transfer are progressing well, relying on only a few relatively minor issues (mainly College use of the theatre) to be resolved. They will however not be completed prior to the start of the College's summer recess. The College is depending on the money from the sale to finance its relocation programme.

In order not to lose this window of opportunity, delay the opening and increase the costs, the Head of Leisure Services, with the support and agreement of the Corporate Director (CC) and Heads of Finance, Legal, Technical and Estates & Economic Development, has agreed to pay the College an advance up to a maximum £275,000 against the freehold purchase price of £400,000 (as set out in the 9th February 2005 report). This arrangement has been safeguarded with the requirement that the Council has a legal charge upon the building and other measures, such as only making payments upon receipt of valuations for work done, requiring copies of the financial checks carried out on the building contractors to be produced before payments are made, seeing the accepted quotation for the work and a schedule of works and requiring the payment of interest in certain circumstances.

PROVISION OF A CULTURAL FACILITY FOR ANDOVER

Chief Executive's/
Director's Signature:

KD Whitaker

Date: *4.7.05*

Chairman's/Vice-Chairman's
Signature:

Anthony Sheehan

Date: *28 June '05*

Chairman's/Vice-Chairman's
(Overview & Scrutiny Committee)
Signature:

David N.A. Drew

Date: *24th June 2005*

Head of Service's
Signature:

[Signature]

Date: *24/6/05*

Reported to Committee on

Date:

DISTRIBUTION

1. Chief Executive
2. Corporate Director (BS)
3. Corporate Director (CC)
4. Head of Legal Services
5. Head of Administration (original for report to Committee)

BACKGROUND PAPER: See attached report.

BACKGROUND PAPER FOR HEAD OF SERVICE DECISION

A Cultural Facility for Andover

Prepared by the Head of Leisure

A. Recommended:

- (1) That members approve the action taken by the Head of Leisure Services in making an advance payment of up to £275,000 against the purchase price for the theatre block of Cricklade College.

B. Reasons for Report Recommendations

- (1) The Head of Leisure, in conjunction with the Corporate Director and other Heads of Service, has taken urgent action to take advantage of a unique window of opportunity to secure the theatre block from Cricklade College in pursuance of the Council's SCHEME objectives. Failure to have done so would have delayed the project, increasing its costs.

C. Alternative Options Considered and Rejected

- (1) The action taken is intended to enable the College to vacate and relocate from the theatre block in an operation which will allow vacant possession of the building by December 2005, resulting in a summer 2006 opening. The alternative was a prolonged phased evacuation and a piecemeal complicated and more expensive approach to the refurbishment, resulting in a 2007 opening which would not achieve the original programme.

D. Wards / Communities Affected

- (1) The theatre block is in the St. Mary's ward but effectively the whole of the borough, and the northern half in particular, will be affected.
- (2) The new cultural facility will engage numerous sections of the community including the arts, education, voluntary and business sections and of course the public generally who simply want to be entertained.

SUMMARY:

- The College have now received Learning & Skills Council (LSC) approval to dispose of the theatre block, and their Board of Governors have agreed in principle, as has the Council, to the sale.
- The College can only vacate and relocate during the longer summer recess to avoid disruption to their students. If it can be done this summer the venue will be open in 2006, if it is delayed to next summer the venue will not open until 2007.
- The College have no funds for the relocation works, and are dependant upon the

proceeds of the sale to do so.

- To enable the works to be completed during this summer recess the contractor must start on site by July, needing agreement between the parties by the end of June and requires an urgent action.
- Contractual documents relating to the sale are at an advanced stage, but the transaction will not be completed in time to allow the College to fund these early works.
- To adhere to the original timescale previously reported to committee a decision to make an advance payment of up to £275,000 (of the £400,000 freehold purchase value) secured against a Council charge on the building has been taken.

1 Introduction

- 1.1 This report outlines the current position with regard to the acquisition of the theatre block from Cricklade College. It sets out the process whereby the College will give the Council vacant possession and the financial arrangements involved.

2 Background

- 2.1 On 9th February 2005 (minute 483 refers) the Executive received a report outlining the potential £1.5 million purchase and refurbishment of the theatre block from Cricklade College. Members approved the capital budget of up to £1.5 million (£0.4 million purchase and up to £1.1 million refurbishment) and an additional revenue contribution of up to £50,000 per annum. This was subject to two conditions, namely:-
- (i) The Council entering into binding contracts for the sale of land assets which will generate a minimum net capital receipt of £1.5 million
 - (ii) A successful revenue partnership agreement with Hampshire County Council
- 2.2 The Head of Finance has confirmed that the Council has already received Capital Receipts in excess of the value of £1.0M during 2004/05 and sales for the remaining £0.5M are proceeding as part of the rationalisation of assets being implemented by the Head of Estates and Economic Development. In addition a further major land deal is imminent, pending the outcome of the local plan inquiry.
- 2.3 The respective leaders and senior officers of the borough and the county have met, and agreed on an approach to the joint revenue funding arrangements for this cultural facility. The County have seconded their Senior Arts Officer to work with the Council's officers to develop an audience development and

business plan. They have also provided support from their marketing team – Arts Marketing Hampshire (AMH) to help the development programme.

- 2.4 Insofar as the precise terms of the two conditions set out in paragraph 2.1 have not been satisfied, the Head of Service decision raises the possibility of the Council proceeding to a purchase of the theatre block on a different basis from that previously approved by members.
- 2.5 The College currently have a large student canteen, a small bistro, hair and beauty salon, reception and various offices based in the theatre block, all of which need to be relocated to afford us vacant possession. These removals and re-setting up elsewhere have to be done during a holiday period to avoid disruption to the students – a fact strongly emphasised by the LSC. The extent of these works is such that they have to be phased over several holiday periods to avoid disruption and remain within the College's budget. This would however mean that the College would not be able to offer vacant possession until Easter or summer 2006. As the refurbishment works will take 6 months this could result in a January 2007 opening.
- 2.6 Following discussions with the College officers have constructed a means whereby the College could relocate everything bar the bistro by September this year. As the College has no funds for the relocation process they can only carry it out on a drip basis as and when funds can be identified. This would inevitably result in a protracted and uncertain programme. An advance against the purchase price to the College would enable them to undertake a quicker, comprehensive and less disruptive approach.
- 2.7 Under this approach the bistro itself would be 'sealed off' from the theatre (by constructing a doorway off to the College), thus effectively ceasing College use of the majority of the premises and allowing the Council to proceed with work from September onwards. The bistro would be relocated during the Christmas recess. This would then allow a January 2006 start on the building works in time for a September opening in accordance with the programme originally envisaged.
- 2.8 The means by which this timescale can be achieved is for the Council to offer an advance payment of up to £275,000 to the College against the freehold purchase price. This advance would be secured by a Council charge against the College's title deeds. These deeds have been checked as negotiations between the parties on the sale of transfer are well progressed. This early funding allows the College to consolidate their removals and relocation package and avoid a costly piecemeal approach.

3 Corporate Objectives and Priorities

- 3.1 The procurement of a 'Hall for Andover' has been one of the Council's objectives for several years, and is a key aim in the SCHEME priorities.

4 Consultations

- 4.1 The aim to have a cultural facility such as this has long been recognised following public consultation on the Cultural Strategy, Citizens Panels surveys, Andover Councillors Forums and through the LSP Cultural sub-group.

5 Options

- 5.1 The option of a prolonged phased relocation programme by the College would not deliver the original timetable of an autumn 2006 opening. This opening date is important as it is traditionally the peak period (September to December) of income generation. Furthermore the longer the entry date the more costly the building works will be – for example a 3% per annum increase in building costs would either add £30,000 to the project or reduce the quality by a similar value.
- 5.2 It was therefore considered that this course of action was efficient and cost effective.

6 Option Appraisal and Risk Analysis

Risk element	Likelihood			Consequences of happening	Proposals to address risk
	L	M	H		
Sale breaks down and college retain money	✓			College have use of Council money	Council have security against College's title: LSC would sanction College
College leave theatre building in a mess	✓			Council incurs additional expenditure	Council has site supervision presence during works. Council retains final instalment of purchase

7 Resource Implications

- 7.1 The Head of Finance has confirmed that the capital is available for this approved project.
- 7.2 The revenue forecast has been validated by both the Council and the County. Hampshire County Council is working in partnership to develop a final business plan which will be within the financial parameters detailed in the 9th February report to Executive Committee.

8 Legal Implications

- 8.1 The Head of Legal Services has confirmed the action taken is acceptable and presents little risk to the Council. It should be noted that in the event that the purchase does not proceed and the Council has advanced money, legal action may be needed to recover the money if the College fails to repay it. Under the terms being negotiated, the College has the first option to buy-back from the Council or through an 'overage' clause share in the proceeds of disposal should the Council decide to sell on the property at any time in the future.

9 Conclusion

- 9.1 The timing of the letter from the LSC allowing the College to sell the building has opened a window of opportunity which, coupled with an advance instalment of the purchase price, allows the Council to achieve one of its major objectives. This has not only offset the risk of potential increased building costs threatened by a delayed relocation programme by the College, but means that the original timetable of a 2006 opening can be achieved.
- 9.2 A further comprehensive report detailing the design, staffing structure, audience development and business plan will be presented shortly to members. At the present moment it is still considered these will not vary from the parameters previously set and presented to members.

Dated: 24^h June 2005