

Report to Cabinet – 20 December 2023

**Authority to Spend for New Theatre/Cultural Hub
Architectural Services**

Report of the Strategic Regeneration and Partnerships (North) Portfolio Holder and Finance and Resources Portfolio Holder

Recommended:

- 1. That £3.74M be added to the Capital Programme to deliver the project outlined in the report, to be funded from the Capital Receipts Reserve.**
- 2. That the transfer of £1M to the Capital Receipts Reserve for the reasons set out in paragraphs 7.4 and 7.5 of the report, be approved.**

Recommendation to Council

SUMMARY:

- The purpose of this report is to seek approval of the funding that will enable the Council to commit up to £3.74M of expenditure on architectural and technical services (including outstanding site surveys and investigations) relating to the delivery of a new theatre and cultural hub in Andover Town Centre.
- The report sets out the background of the project, being part of the Andover Town Centre Regeneration Masterplan developed through substantial community engagement.
- The report outlines the recommended additional spend for this project and the Levelling Up funding that has been awarded for the delivery of this and other projects in Andover town centre.

1 Introduction

- 1.1** In November 2023 the Council was notified that it had been successful in being awarded funding of £18.3M from the Government's Levelling Up Fund (LUF). The majority of this funding will be used to deliver the relocation of the Lights Theatre onto the site of the former Tesco store (Unit 62 of the Chantry Centre) to create a new prestigious Theatre and Cultural Hub based around a 400-seat theatre auditorium.
- 1.2** A full report on the funding strategy for the wider regeneration programme including the utilisation of the LUF funding and other partner contributions will be brought to a future Cabinet and Full Council meeting for approval.

- 1.3 The deadline for the defrayment of the LUF funds is 31 March 2026. This is an incredibly tight deadline for such an ambitious project and will require the Council to act quickly and decisively. The next step in the delivery process is the appointment of a consortium of the full design team, including architects and other technical design services to take the concept design and building specification developed by Charcoal Blue (a specialist theatre development company attached to an architectural practice procured to undertake this task) through to detailed design, submission of a Planning application, production of construction drawings and the construction stages of the project.

2 Background

- 2.1 The regeneration programme was initiated in 2018 to identify and bring forward development opportunities in Andover town centre. A Masterplan for Andover town centre was developed following extensive consultation with the community and stakeholders.

Andover Town Centre Regeneration Masterplan

- 2.2 The [Andover Masterplan](#) (adopted by Council on 28th September 2020) was developed following a number of strategic property acquisitions by the Council in Andover town centre. This included the remainder of the headlease of the Chantry Centre and Former Magistrates Court (FMC). The Andover Masterplan identifies several opportunities to enhance the town centre and surrounding areas.
- 2.3 Significant public and stakeholder consultation took place in conjunction with the Andover Vision. Starting in July 2019 Hemingway Design and NEW Masterplanning worked with the Council to prepare a vision and spatial framework for Andover town centre. Meetings and workshops were held with a range of businesses, residents' groups, students and other stakeholders. The first public survey received nearly 3,000 responses.
- 2.4 The Masterplan proposes the provision of a *'theatre and cultural uses fronting a new public square with the opportunity for events and markets'*. The Masterplan also proposes that the existing Lights Theatre be relocated into the town centre, stating:

'Without visible road frontage and good connections to the town centre the theatre lacks a physical prominence in their current location and feels isolated. The theatre is keen to have a stronger relationship with local bars and restaurants to help support and strengthen the evening economy but this is constrained by their separation and the perceived distance from the town centre.'

Levelling Up Fund

- 2.5 In the summer of 2022, TVBC submitted a bid to round 2 of the Department for Levelling Up, Housing and Communities (DLUHC)'s Levelling Up Fund. The Council's bid was for £18.3M towards the delivery of four of the regeneration projects in Andover. The projects included in the bid were:

- Western Avenue Riverside Walk
 - Andover Theatre/Cultural Hub
 - South of Bridge Street Riverside walk
 - Options appraisal for, and demolition of the Former Magistrates Court in Andover
- 2.6 These projects were selected utilising advice from Cadence Innova (a company specialising in supporting bids of this kind) who compiled the bid on behalf of the Council. All the schemes included within the Andover Masterplan were appraised using a cost benefit methodology to establish which ones would best meet the requirements of the Levelling Up scheme. The preferred schemes were then costed. A delivery plan and programme were developed. The four schemes were also subjected to a DLUHC Benefit Cost Ratio (BCR) analysis. This work demonstrated the level of value for money that would be provided by the delivery of these schemes in terms of social, economic and environmental benefit. The bid was presented to Council for approval in August 2022.
- 2.7 Although the Levelling Up Round Two bid was unsuccessful, the work undertaken on the bid gave the Council sufficient information to press ahead with the Western Avenue Riverside Park and South of Bridge Street Riverside Walk projects.
- 2.8 Immediately following the conclusion of Round 2 of LUF the Government confirmed that there would be a subsequent round of LUF funding. In August 2023 the Council commissioned Charcoal Blue to undertake design feasibility work and to produce a concept design and building specification for the new theatre/Cultural Hub. This work would put the Council in a stronger position should that fund be released. In November 2023 it was announced that TVBC had been awarded £18.3M from Round 3 of LUF. Whilst the Council has been awarded the full bid sought, because of the price increase/ inflation (identified as risks in previous reports) between LUF2 and LUF3, the Council will need to review how the allocation is best used, along with other identified funds, to best deliver the proposal.
- 2.9 The deadline for spending the full allocation spend of funding from the Round 3 Levelling Up Fund award is 31 March 2026.

3 Scope of works

- 3.1 The work to be tendered for is the detailed architectural design from concept stage through to completion of the project (RIBA Stages 1-6). This will be based on initial concept design and building specification that has been undertaken by Charcoal Blue.
- 3.2 In addition to architectural design, the Council will be seeking the successful bidder to provide all technical design services, including mechanical & engineering, drainage, sustainable design & construction etc. This will also include all site surveys and analysis necessary to deliver the project.

- 3.3 The successful bidder will gather all information required to submit a planning application for the development. This will include the demolition of the existing building and necessary works to the entrance of the Chantry Centre.
- 3.4 The successful bidder will supervise the construction of the theatre/cultural hub, acting as the Council's representative, ensuring that the development is carried out in accordance with the agreed specification and its objectives and in accordance with a detailed business plan.

4 Fees

- 4.1 The basis for calculating fees for this work are set out in the RIBA fee calculator. Fees are typically based on a percentage of the capital cost of the project, ranging from 1.5% to 20% (exc. VAT), with lower rates applying to larger projects. The most recent projected capital construction cost estimate for the theatre/cultural hub based on a concept design is £22M. This is based on currently available information and is subject to change. On projects of the scale and technical complexity as the theatre/cultural hub, the typical rate is between 15% and 18%. Advice for this project is that a rate of 16% is appropriate for this development. This gives a projected budget cost for fees of £3.52M.
- 4.2 As this is still subject to final confirmation from the consultants, and subject to tender, it is recommended that a contingency of £220,000 be included in the approved budget. This is equivalent to a further 1% of the forecast build costs. This makes the total recommended budget £3.74M.
- 4.3 This would be divided as follows:
- 35% - RIBA Stages 0-3 (feasibility studies, concept design, planning)
 - 35% - RIBA Stage 4 (technical design)
 - 30% - RIBA Stages 5-6 (construction to handover)
- 4.4 RIBA Stage 3 will be complete by Summer/Autumn 2024. RIBA Stage 4 will take place alongside the procurement of a construction contractor. RIBA stages 5-6 will be concluded by March 2026 as part of the construction stage. The fees for architectural and technical services will be spent in stages up to 2026 in accordance with a fee schedule agreed with the successful bidder.
- 4.5 Given the value of the works proposed in this report, it will be necessary for Council to approve the budget.

5 Procurement Process

- 5.1 The thresholds for public sector procurement for supplies and services as of 1 January 2022 is £213,477. The estimated value of this contract is as set out above and will need to be procured in compliance with the UK Public Contract Regulations 2015 (PCRs). This is likely to be under the competitive procedure with negotiation process.

- 5.2 In this process, the tender will need to be advertised on the *Find a Tender* portal. This includes the requirement to publish the budget for the work being tendered. TVBC, as the contracting authority, would consider applications from interested parties via a Pre-Qualification Questionnaire (PQQ) stage. A minimum of three qualified applicants would then be invited to negotiate the contract.

6 Risk Management

- 6.1 This approval would authorise the spend of up to £3.74M. Although the LUF funding award announcement was made in November 2023, the Council is still in process of validation and confirmation. It is unknown when DLUHC will formally award the money and whether payments will be phased or not.
- 6.2 There is also an opposing risk that if the work is not completed by the 31 March 2026 the Government will not release the whole amount, placing a financial pressure on the Council. It is therefore imperative that the appointment is made without delay. Until such time as the LUF allocation is confirmed, all efforts will be made to minimise the Council's financial exposure through this process.
- 6.3 It is considered that the risk of proceeding now, before the funding arrangements are confirmed, is a lesser risk than delaying the start of works and adding further time pressure to an already tight project timetable.

7 Resource Implications

- 7.1 It is expected that the full costs of the works identified in this report will be rechargeable to the LUF funding. However, as the verification process is still ongoing, the Council must identify other forms of funding to ensure that the costs can be met in an affordable manner. The funding is recommended to be met as follows:
- 7.2 The works proposed will form part of a larger capital project that will be the subject of a further Council report, once more detailed costs are known. The LUF funding, when received, will be capital in nature. Therefore, it is recommended that the full cost of the works described in the report be added to the Council's Capital Programme, funded from the Capital Receipts Reserve (CRR).
- 7.3 The Capital Programme update report to Cabinet on 15th November 2023 showed that the forecast balance on the CRR as at 31st March 2026 would be £7.236M. This reserve can therefore meet the full cost of the recommended works.
- 7.4 The Corporate Financial Monitoring report to the same Cabinet meeting identified an in-year variance to 30th September 2023 of £1.503M. Some £742,000 of this was in respect of additional income from the Council's cash investment portfolio. It is forecast that this variance will continue to increase over the rest of the financial year.

7.5 It is recommended that the investment income budget for the year be increased by £1M and that amount be transferred to the CRR, to reduce the impact of the net draw on that reserve arising from the recommendations in this report.

7.6 The work of the Architectural and technical design consortium will be managed by the Regeneration Team

8 Options

8.1 The options presented in this report are:

- Approve recommended spend.
- Do not approve recommended spend.

9 Options Appraisal

9.1 Approving the recommended spend will give the council the best chance of meeting the timetable required by DLUHC and delivering the theatre/cultural hub.

9.2 If recommended spend is not approved this would result in a delay to the project and failure to meet the LUF spending deadline. This in turn would be likely to result in the withdrawal of some or all the funding award. Any loss of funding would result in the Council being required to provide a much higher amount of funding for the delivery of the theatre and cultural hub, which in turn would inevitably limit its ability to finance future phases of the regeneration programmes in both Andover and Romsey.

10 Conclusion and reasons for recommendation

10.1 The deadline for the spend of the LUF award is 31 March 2026. This will be challenging. It will be vital for the Council to act decisively in progressing the project to avoid missing this deadline.

10.2 The value of the contract (up to £3.74M) has been calculated based on the RIBA fee calculator. This will necessitate a two-stage competitive procurement process which will be lengthy.

10.3 It is recommended that the budget is approved to enable officers to issue the tender documents, in line with procurement regulations, without delay.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>
None
<u>Confidentiality</u>
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

ANNEX 4

No of Annexes:	None	File Ref:	N/A
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