

Information/Discussion Paper

Overview & Scrutiny meeting – 18 November 2019

Town Hall redevelopment - update

This note contains the information to keep Members informed of matters relating to the work of the Committee, but where no decisions from Members are needed

1. Why has this come to scrutiny?

- 1.1 To provide members with an update on the Town Hall redevelopment project.

2. Summary of the Issue

- 2.1 In 2017, the Council and the Cheltenham Trust jointly commissioned consultants to identify options for the redevelopment of the Cheltenham Town Hall. Despite considerable analysis and work, a deliverable option has not been identified. This briefing note summarises the work of the consultants and project team and outlines next steps.

3. Summary of evidence/information

3.1 Background

In 2014, the council sold North Place & Portland street car parks for £7.8m. Following public consultation on the use of the money, the council allocated £1.8m from the capital receipt with a commitment to top this up to £2.4m, subject to a business case for the development of the Town Hall.

The Town Hall generated a £275k surplus in 2018/19, CBC's retained costs for 2018/19 were £626k (including depreciation and impairment losses), therefore the net cost of the Town Hall in 2018/19 was £351k. Technical difficulties with the current building restrict the type of programming and commercial viability of the building and its appeal to future audiences. 4% of current audiences are 18-25 and 33% are over 55.

In 2016, a Joint Commissioning Group (JCG) was set up comprising offers from CBC and The Cheltenham Trust (TCT) to work collaboratively on developing the venues i.e. Town Hall, leisure@, Prince of Wales stadium and Pittville Pump Room managed by TCT under a management agreement.

The JCG jointly commissioned consultants to develop options for the Town Hall and, in July 2017, appointed Focus consultants to develop proposals which repurposed the building to deliver a venue which was fit for purpose, have a financially sustainable future and deliver social, economic and cultural outcomes for Cheltenham.

The council's Place Strategy set out the aspiration to be a place where culture and creativity thrives. The delivery of the Town Hall redevelopment project is complementary to and supports the delivery of the Place Strategy.

3.2 Summary of baseline analysis.

The Town Hall has a number of issues, summarised as follows:

- Venue is becoming commercially less viable and is hiring in technical equipment hire due to lack of investment e.g. lighting does not meet current touring standards.
- Maintenance cost of technical equipment is increasing as kit gets older.
- Ability to attract performers is diminishing as competitors invest and audience expectation increase e.g. £60m Colston Hall investment.
- Venue is relying on comedy and tribute bands and not developing TCT charitable ambition of enriching lives through varied cultural programming.
- Issues with main hall include the redundant broken organ taking out capacity, performers 'get in / out' difficulties, size of stage and lack of capacity (less than 1000 reduces the ability to attract quality performers).
- Lack of soundproofing which would allow simultaneous programming of spaces to nurture new talent, provide rehearsal space alongside commercial programming.
- Back stage facilities unchanged since 1903 e.g. with no proper gender division for changing.
- Public and backstage area has limited DDA compliance. Star college audit report highlights issues for wheel chair users.
- Single bar leads to overcrowding and poor customer experience.

TCT aspiration for Town Hall is to have a multi programmable space which will allow for the diversification of programming; develop smaller shows, develop talent and take risks working towards Arts Council goals that art should be for everyone and be diverse and our offer should be of artistic excellence (NPO criteria).

A significant amount of work was undertaken to establish a baseline position for the Town Hall including its existing usage (age profile and audience reach; expenditure and income levels; heritage assessment for both the building and its setting within the gardens and an assessment of the historical significance of the organ.

Benchmarking against other venues across the country was undertaken and the project team visited a number of venues which had undergone refurbishment and repurposing including Battersea Arts Centre, Colston Hall, Birmingham Town Hall and The Atkinson in Southport.

Analysis of the existing building was undertaken including a SWOT analysis and, through a workshop, a list of 'essential' and 'desirable' requirements was established.

The consultants, working with the JCG, undertook significant consultation with stakeholder groups including Cheltenham Festivals and the Wilson collective who made a presentation to council making a case for a 'place to go' to participate in activity which supports their development which could deter them from engaging in anti-social behaviour.

3.3 Options appraisal – initial findings

A number of concepts for the Town Hall were considered including (i) visitor attraction; (ii) world class performance space; (iii) conference venue; (iv) community arts centre which helped shape the 5 redevelopment options. The community arts centre was the most well received proposal. These options range from a minimal option of refurbishment within the existing footprint of the building to extending into the gardens to meet all requirements.

The concepts were also considered in the context of Cheltenham's Place Strategy, and assessed in terms of how they helped to deliver the strategy's vision for Cheltenham as a place:

- Where all our people and the communities they live in thrive;
- Where culture and creativity thrives, is celebrated and enjoyed throughout the year;
- Where businesses and their workforces thrive; and
- Where everyone thrives.

The cultural ambition set out in the Place Strategy is that Cheltenham is internationally renowned for its culture, heritage, food and sport. One of its three cultural aspirations is that Cheltenham has a sustainable future for its cultural organisations and buildings. The supporting action is to:

“Develop a new vision and masterplan for Cheltenham Town Hall that enables a significant increase in our festival and events programme....”

Therefore, this work was developed to meet these needs: to support the growth for Cheltenham's festival and events programme and to support a new, inclusive space to deliver and support creative access for the entire community in a variety of ways.

For each of the 5 options, concepts have been developed which outline:

- Capital cost of each option, potential external funding opportunities (e.g. lottery, Arts Council and Heritage Lottery fund) and the funding gap
- Additional revenue generated from additional activity for each option.
- Extent to which 'essential' and 'desirable' requirements are met
- Potential scale of any proposed extension
- Impact of the options on the historic assessment
- The impact on socio economic outcomes
- Delivery against social, economic, community and Place Strategy outcomes.

The result of this work are options which range from option 1 – minimal, refurbishment within the existing footprint at a capital cost of circa £8.8m to option 5 which delivers all requirements within a reasonably sized extension at circa £29m. Comparators indicate that the most expensive option compares to other national projects, Birmingham Town Hall cost £35m in 2007 and Colston Hall is estimated to cost £68m.

The potential additional revenue generated ranges from circa £88k p.a. (option 1) to circa £290k p.a. (option 5).

The external fundraising climate has become more challenging with HLF funding being focused on buildings which are 'at risk' and lottery fund opportunities now closed until 2021/22. Each option assesses the potential for external funding and identifies a funding gap which ranges from option 1 – circa £7.3m to option 5 - circa £19.7m.

The conclusion of this initial work was that none of the 5 options identified are deliverable in the context of the local and current national arts funding scenario.

Given the magnitude of the capital investment required and the level of funding gaps identified for each option, the project team worked with Focus to explore the development of a further 'hybrid' option which may be phased and is realistically more deliverable within the national and local funding context.

The hybrid option considered early phasing of elements of the building e.g. access, sound separation which will facilitate concurrent programming of spaces to allow for a change in emphasis from predominantly 'commercial' to inclusive and accessible programming which attracts younger and new audiences and delivers the ambitions set out in the Place Strategy, whilst still enabling the commercial business case to continue.

This could also enable TCT to apply for National Portfolio Organization (NPO) status which could attract core funding of up to £250k p.a. for a 5 year period and potentially access further Arts Council England (ACE) capital funding. To achieve ACE support, the programme needs to (i) demonstrate artistic excellence with innovative and diverse programming, whilst supporting talent development; (ii) adopt an inclusive and accessible program reaching those least engaged in the arts and culture and (iii) support for young people accessing the arts and encourage a lifelong engagement with creativity in all its forms.

3.4 Update on further option.

Focus has provided the project team with a further option to move the redevelopment forward.

Option 6 - This option is at a reduced cost overall of £25m compared to the original option 5, developed in phases. (floor plan attached)

- Phase 1 - would focus on sound separation; front of house technical and bar improvements within old building and new garden / café bar and rehearsal studio including landscaping / park improvements at a cost of £8.3m.
- Phase 2 – refurbishment / improvement to M&E including refreshed landscape and new main stage house at a cost of £10.1m
- Phase 3 – new studio theatre extension including additional paving and new education studios extension. This would deliver the ultimate goal of a community arts centre largely funded by external fundraising, some of which may require NPO status at a cost of £6.7m.

The approximate cost of phase 1 is c£8.3m but still has a funding gap of c£2.7m and the suggestion is that this gap would need to be filled by further funding by the council.

The consultants also concluded that the issue of the length of the lease also needed resolving to support funding applications.

3.5 CBC / TCT Options

Given the conclusion of the work to date, the following is a summary of the options available to the Council and the TCT.

1. Do nothing
2. Progress phased development of the Town Hall (option 6)
3. Invest a sum of circa £1m to pump prime the commercial opportunities identified by TCT (including investment which both sustains and grows income at the Town Hall) and request that the council set aside the balance of £0.5m towards funding capital investment in CBC cultural assets following the completion of the development of the Cultural strategy.
4. Build a light weight café / bar and new entrance structure on the back on the Town Hall.

The CBC lead Cabinet member requested that the following additional option is explored.

5. Set up a free school based on performing arts provision.

Each of these options has its challenges. A summary assessment of each option follows:

Option	Pros	Cons
1. Do nothing	<ul style="list-style-type: none"> • Does not commit capital funding. • Releases TCT and CBC capital / human resources for other projects. 	<ul style="list-style-type: none"> • Does not address the issues with the Town Hall. • Lack of development makes it less commercially viable to touring act as a result of equipment hire costs - estimated net additional net cost / loss of revenue impact c£0.5m over 5 years (excludes income growth potential). • Will not keep pace with competition from other venues where investment has been made e.g. Colston Hall, Birmingham Town hall and Symphony Hall. • The ability of the Town Hall to function as an entertainment venue in the future is more uncertain. • Does not deliver on CBC Place shaping aspiration for culture and creativity to thrive. • Does not meet TCT aspirations to grow audiences, increase programming flexibility and cultural offering. • Quadrangle includes café / restaurant within

		refurbishment which may further impact on the garden bar offering if it is not enhanced.
2. Progress phase 1 redevelopment of the Town Hall (option 6) leading to other phases	<ul style="list-style-type: none"> • Would fulfil TCT / CBC aspiration for reimagining of the building. • Investment in programmable spaces to allow TCT to move away from only being able to programme one solo commercial performance serving current recurring ageing audience demographic. • Allows TCT to grow audiences, increase programming flexibility and cultural offering. • Would facilitate development of outreach programme through provision of studio space, smaller programmable spaces. • Would open doors to future generation. • Maximises potential of the building within the setting of Imperial gardens. • Opens up potential cultural funding pots not currently viable, including support towards core costs • Meets Place Strategy aspirations 	<ul style="list-style-type: none"> • Cost of scheme still c£8.3 m and ultimate cost of £25m with significant funding gap. Phase 1 has a funding gap of c£2.7m and overall (all phases of £15m) - CBC are unable to bridge this funding gap. • External fundraising target would be challenging, • The extensions into the Imperial gardens may be unacceptable to planners, conservationists and the public.
3. Invest a sum of circa £1m pump prime the commercial opportunities identified by TCT (including investment which both sustains and grows income at the Town Hall) and request that the council set aside the balance of £0.5m towards funding capital	<ul style="list-style-type: none"> • Could address some immediate practical barriers to programming and attracting performers – see initial ‘shopping list’ at Appendix 1. • Future cultural strategy would reflect a more holistic view of overall cultural needs in Cheltenham based on outcomes which emerge from the development of the Cultural strategy. • May lever in match funding for a more holistic cultural development programme e.g. 	<ul style="list-style-type: none"> • Does not fulfil original aspiration for reimagining the building. • Would not fully allow the TCT to grow audiences, increase programming flexibility and cultural offering. • Would not fully facilitate the development of the outreach programme through provision of studio space, smaller programmable spaces. • Would not lever in any external funding. Decline in programming and revenue may accelerate the decline in

<p>investment in CBC cultural assets following the completion of the development of the Cultural strategy.</p>	<p>support the redevelopment potential of Wilson phase 2.</p> <ul style="list-style-type: none"> • May attract external fundraising e.g. sponsorship or crowdfunding if 'owned' by public. • Support retention of current customers and support of current Town Hall business case, to support The Cheltenham Trust overall • Since funding sources may not require ACE or lottery, the issue of resolving the length of the lease is less of a concern. 	<p>the Town Hall.</p>
<p>4. Build a light weight café / bar and new entrance structure on the back on the Town Hall.</p>	<ul style="list-style-type: none"> • Capitalises on the potential of the setting and south facing aspect of Imperial gardens. • Could be a statement building / destination F&B offer which supports programming / attracts new audiences and CBC's place shaping aspirations. • Ensures that the F&B offer does not fall behind improving neighbouring offer. • Would release Pillar room and buffet for smaller scale programming of events. • Supports business plan projections but does not make significant contribution. 	<ul style="list-style-type: none"> • As per 3 above. • Does not address sound separation • Would be difficult to justify this when there are issues with the venue and customer experience which need addressing first.
<p>5. Set up a free school based on performing arts provision.</p>	<ul style="list-style-type: none"> • Could help deliver against CBC objectives for '<i>no child left behind</i>'. • Could attract new educational funding stream. • Would need to set up a charitable trust who could fundraise 	<ul style="list-style-type: none"> • Complex and time consuming to set up. • Would need to remove from Town Hall from the TCT management agreement • Would need to identify 'need' within the community to support the requirement for a free school e.g. demand for school places i.e. identify that demand exceeds supply. • Would need to justify need for alternative provision i.e. Build the case for provision where traditional education model fails children's needs.

		<ul style="list-style-type: none"> • Would need to find a community advocate to support and promote the setting up of a school. • No guarantee that a specific building is appropriate for a school or would be supported – town hall is constrained by historic nature and may not be convertible to a school.
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The unallocated budget, following funding the survey and consultants work on the project and support to the TCT, stands at £1.5m.

3.6 Recommendations

The project team recommend option 3 i.e.

Invest a sum of circa £1m pump prime the commercial opportunities identified by TCT (including investment which both sustains and grows income at the Town Hall) and request that the council set aside the balance of £0.5m towards funding capital investment in CBC cultural assets following the completion of the development of the Cultural strategy

4. Next Steps - possible next steps for the committee to consider e.g. potential witnesses, further report, site visit etc.

4.1 The TCT is in the process of developing a 5 year capital strategy which will identify potential investment which delivers a return and will increase revenue to the TCT.

4.2 The Cabinet has yet to consider the outcome of the Town Hall project and the recommendations of the project team. Any decisions in respect of the use of the residual unallocated budget has been rescheduled to the Cabinet meeting in December to tie in with the TCT review and the work on the 5 year capital strategy and the Cabinet interim budget proposals.

Background Papers

Contact Officer

Contact Officer: Mark Sheldon, CBC Director of Projects

Tel No: 07899 061988

Email: mark.sheldon@cheltenham.gov.uk

Accountability

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Scrutiny Function

Overview and Scrutiny