

**Cheltenham Borough Council**  
**Cabinet – 16<sup>th</sup> July 2013**  
**Cheltenham Town Hall Capital Investment Scheme**

<b>Accountable member</b>	<b>Cabinet Member Sport &amp; Culture, Councillor Rowena Hay</b>
<b>Accountable officer</b>	<b>Director Wellbeing &amp; Culture, Sonia Phillips</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<p>The Leisure &amp; Culture review is one of a number of strategic commissioning projects that aim to find a viable and sustainable future for L&amp;C services. The review has sought to ensure that we maximise the community benefits that our assets, facilities and services deliver, whilst reducing the level of financial subsidy. In respect of arts and culture the Cheltenham Town Hall represent the councils key entertainment venue serving the town and wider cultural community</p> <p>As part of the commissioning review, a feasibility study of the Town Hall has been undertaken to consider the current operation of the site and a range of future options. These include changes to the use of existing spaces and the possible addition of new facilities on the site that compliment the current offer. The study has been considered in the context of maximising community benefit and financial return from the site.</p> <p>Over the past 5 years, the Town Hall has become an increasingly successful and efficient business model. The venue has delivered £212,000 of savings during this time through business development, income generation and efficiency savings. The operational subsidy reductions have been made whilst delivering a well balanced artistic programme. However, it is now considered that further significant savings can be only be made with a programme of capital investment.</p> <p>The report sets out details of the feasibility study, which identify a number of options for the future of Cheltenham Town Hall following consultation with stakeholders, such as Cheltenham Festivals and Fosters Catering LTD.</p> <p>The report sets out key issues and funding implications for each of the options considered.</p>
<b>Recommendations</b>	<p><b>Cabinet is requested to RESOLVE THAT:</b></p> <ol style="list-style-type: none"> <li><b>1. based on the outcome of the feasibility study Cabinet approve the capital investment project on a phased approach for Cheltenham Town Hall.</b></li> <li><b>2. Cabinet recommend to Council the allocation of an initial £200k to invest into the Cheltenham Town Hall capital investment scheme in order to progress the scheme to RIBA Stage B and seek to submit a first round funding application to Heritage Lottery Fund.</b></li> </ol>

<b>Financial implications</b>	<p>The proposal to allocate £200k towards the project will need to be considered by council in the context of the council's overall Asset Management Plan and supporting capital strategy. The funding source has yet to be identified, although there is the potential to use unapplied capital receipts (including sale of Midwinter land) to fund the proposed allocation.</p> <p><b>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</b></p>
<b>Legal implications</b>	<p>As indicated in the report, the council is in the process of setting up a Culture and Leisure Trust to provide those functions within the Borough Council's area. The details of the relative roles and responsibilities have not been formulated yet and discussions will be taking place on these over the next six months with a view to the Contract commencing in April 2014.</p> <p>The Council will retain ownership of the Town Hall and it will be necessary to deal with any possible refurbishment/improvement work in the contract documentation/Lease with the Trust</p> <p><b>Contact officer: Gary Spencer, gary.spencer@teWKesbury.gov.uk, 01684272690</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>The council will appoint a designated fundraising officer for the lifecycle of the project.</p> <p><b>Contact officer: Donna Sheffield , donna.sheffield@cheltenham.gov.uk, 01242 774972</b></p>
<b>Key risks</b>	<p>As set out in Appendix 1</p>
<b>Corporate and community plan Implications</b>	<p>The Town Hall Feasibility Study is specifically identified as an action within the 2013\14 Corporate Strategy, and contributes to the delivery of the arts and culture outcome : Arts and culture are used as a means to strengthen communities, strengthen the economy and enhance and protect our environment.</p>
<b>Environmental and climate change implications</b>	<p>During the design stage consideration will be given to the use of resource and energy consumption, environmentally friendly building materials and waste disposal. By investing into our old buildings we will make the Town Hall a more sustainable and environmentally friendly venue which will have a positive effect on the council's carbon emissions.</p>
<b>Property/Asset Implications</b>	<p>The full property implications have yet to be analysed and will be identified and properly assessed at the next stage.</p> <p>Any initial scoping study will require involvement of officers resourced from Property and Asset Management to provide building advice and also Planning and Conservation as the building is Grade II listed.</p> <p><b>Contact officer: David Roberts@cheltenham.gov.uk, 01242 264151</b></p>

## **1. Background**

- 1.1** The Leisure & Culture review is one of a number of strategic commissioning projects that aim to find a viable and sustainable future for L&C services. The review has sought to ensure that we maximise the community benefits that our assets, facilities and services deliver, whilst reducing the level of financial subsidy. In respect of arts and culture Cheltenham Town Hall represents the council's key entertainment venue serving the town and wider cultural community.
- 1.2** Through the review the following outcomes for the Town Hall were developed and approved by Cabinet in December 2011

### **Primary outcome**

- A venue that aspires to be first class and that inspires people through hosting a wide range of entertainment, events and festivals

### **Secondary outcomes**

- Grow & develop existing audiences and visitors that use the Town Hall and Pittville Pump Room and provide access to a diverse range of entertainments and activities
- The council generates the greatest return (financially, economically and socially) from its investment in the buildings
- Increase the number of people that enjoy new experiences whilst acquiring valuable skills and knowledge

## **2.0 Town Hall Feasibility Study**

- 2.1** Working toward this vision the management team at the Town Hall have annually increased sales and reduced the operational subsidy in order to achieve greater savings within a well balanced artistic programme. However in order to achieve our primary outcome of a first class venue, continue to improve artistic programming and achieve maximum earning potential, there is now a need for capital investment.
- 2.2** The council is seeking a capital investment scheme for the Town Hall which generates the greatest return (financially, economically and socially). The over-riding ambition is to create a venue that achieves its artistic vision and functions as a destination in its own right, complementing Cheltenham's wider and broader cultural and associated offer.
- 2.3** The primary objective of capital investment in the Town Hall is to reduce the ongoing operational subsidy of the venue by:
  - Increasing seating capacity
  - Increasing the available income generating space within the venue
  - Increasing revenue through hospitality and cash catering
  - Reducing operational costs through modernised operations
- 2.4** In order to achieve the above outcomes Charcoal Blue consultants were commissioned to undertake a feasibility study with a primary function to carryout a detailed analysis of the building and the restriction it places on current operational efficiency and revenue generation, and

recommend realistic and achievable capital investment proposals based on their analysis.

- 2.5** The study is provided in Appendix 2 and is divided into 3 stages. Stage 1 (pages 5-27) provides a comprehensive overview of the current and recent operation, including an outline of the strategic context of recent years, market position of the venue within the region and a summary of recent financial performance and attendance levels.
- 2.6** It provides a series of development objectives, which were collated through consultation with key stakeholders including Cheltenham Festivals, Fosters catering and the Town Hall management team.
- 2.7** The following key areas were considered :
- Main Hall seating, both in terms of capacity, flexibility and comfort
  - Layout, location and design of catering areas
  - Increased secondary room usage by soundproofing between side rooms and the main hall
  - Appearance and layout of reception, box office and corridors, raising the visibility of the venue's entrance
  - Separate public activity access areas from those that require restricted access
  - State of the art sound and light technology
  - Upgrade to artists dressing rooms and green room area
  - Improve stage area and sight lines in the main hall
  - Improve acoustics for live bands and spoken word within the main hall and drawing room spaces
- 2.8** The study utilises the large amount of work undertaken by both the Town Hall management team to date, and previous studies undertaken to inform the starting point for the feasibility study. Throughout the report Charcoal Blue has utilised information and data on comparable venues to provide benchmarking on current performance.

### **3. Reasons for recommendations**

- 3.1** Drawing on the conclusions reached within Stage 1 of the study, it is clear that capital investment is required, if the Town Hall is to maximise the community benefits that our assets, facilities and services deliver, whilst reducing the level of financial subsidy. This being a key element of the Leisure & Culture Commissioning Review.
- 3.2** Stage 2 of the report (pages 26-55) provides developed design concepts for 2 following capital investment options:
- Option 1 – New Foyer Addition with Bar \ Café Offer
- Option 2 - New Foyer with Skillicorne Gardens and “The Street”
- 3.3** It must be stated that the options are concepts for consideration only, and not formal designs, and the costs are estimates only, based on comparative projects with other listed performance venues.
- 3.4** Both options explore the same potential improvements to the existing auditorium seating and acoustics, but provide alternative considerations to the extent and remit of any additional substantial building additions and alterations.
- 3.5** The estimated cost of the capital investment range from £5.7million to £12.1 million depending on

the level of the scheme.

- 3.6** Stage 2 of the report includes financial forecasts for each of the capital investment options. The forecasts are based on an economic future study detailed on page 42, with the forecasts set out on pages 43 and 44. The forecasts clearly demonstrate the financial benefit of undertaking redevelopment and refurbishment works to the Town Hall.
- 3.7** Both options have the potential to generate annual savings, with headline figures ranging from between £130K – £245K depending on the scheme.
- 3.8** The estimate figures presented are prudent forecasts, and although an initial exponential change is shown when the schemes are initiated, this will plateau as shown over years 3-5 with fluctuations according to inflation rates and socio-economic conditions. These are average figures and are used to illustrate the trend and comparison rather than final forecast figures.
- 3.9** The report also highlights areas for improved comfort, improved audience traffic, artistic programming and overall customer experience and enjoyment, all of which will help create a first class venue.
- 3.10** An outline of the final report was presented to stakeholders and council officers including many of the senior leadership team on the 29<sup>th</sup> April 2013 and was positively received. It was agreed that the proposals should go forward to Cabinet in order to seek approval for a carry forward of £10k to be used to have the estimate capital figures scrutinised by an independent quantity surveyor, and that a phased approach to the capital investment programme be taken. The carry forward sum forms part of the overachievement of income targets by the Town Hall in 2012/13, and is included within the Council budget outturn report.
- 3.11** Furthermore, in order to provide in principle support towards capital investment at the Town Hall, Cabinet recommend to Council the allocation of an initial £200k to invest into the Cheltenham Town Hall capital investment scheme. The allocation will be used to develop the designs to a recognised design stage, RIBA Stage B, with suitable consultation with English Heritage, Heritage Lottery Fund, local planners and wider community consultation. Cabinet are advised that capital projects seeking Heritage Lottery Funding need to have reached RIBA Stage B in order to submit a first round application.

## **4. Alternative options considered**

- 4.1** In order to achieve the primary and secondary outcomes, alternative options have been considered within the context of the feasibility study. Please refer to Stage 2 of the Feasibility Study set out Appendix 2 pages 26-44.

## **5. Consultation and feedback**

- 5.1** Extensive consultation with key stakeholders has taken place throughout the feasibility study being undertaken. Stakeholders include:
- Cheltenham Festivals
  - Fosters Catering
  - Specialist Theatre Consultants
  - Council Officers
  - Cabinet Member for Wellbeing & Culture

- Cabinet Member for Finance

## 6. Conclusion and Next Steps

- 6.1** The outcome of the Town Hall Feasibility Study has identified the need for capital investment in order for the venue to maximise the community benefits that the assets, facilities and services deliver, whilst reducing the level of financial subsidy.
- 6.2** As such the key areas where investment is recommended are identified as follows:
- Main auditorium and Pillar Room
  - New Foyer
  - Skillicorne Gardens
  - The “Street”
- 6.3** As stated within para. 3.3 of this report, the capital investment options set out are conceptual for consideration only at this stage. In order to develop the options towards a capital investment project, a project cost plan needs to be provided by a suitably experienced and qualified quantity surveyor. As such a carry forward request of £10,000 forms part of the Council budget outturn report in order to commission this work.
- 6.4** In order to provide in principle support towards capital investment at the Town Hall, Cabinet recommend to Council the allocation of an initial £200k to invest into the Cheltenham Town Hall capital investment scheme. The allocation will be used to develop the designs to a recognised design stage, RIBA Stage B, with suitable consultation with English Heritage, Heritage Lottery Fund, local planners and wider community consultation. Cabinet are advised that capital projects seeking Heritage Lottery Funding need to have reached RIBA Stage B in order to submit a first round application.
- 6.5** Prior to taking this recommendation to Council, a member seminar will be held in order to present the Feasibility Study and capital investment options in detail. In addition, I envisage ongoing consultation with partners and key stakeholders.
- 6.6** Finally, the recent decision to proceed with the proposed establishment of a new leisure and culture trust, following the commissioning review and subsequent procurement process, needs to be considered. Under the proposed new management arrangements, the council would retain ownership of the assets and will need to work in close partnership with the proposed trust to deliver the investment programme on the site during the coming years.

<b>Report author</b>	<b>Contact officer: Gary Nejrup, Entertainment and Business Manager</b> <b>gary.nejrup@cheltenham.gov.uk,</b> <b>01242 775853</b>
<b>Appendices</b>	1. Risk Assessment 2. Charcoal Blue Feasibility Report
<b>Background information</b>	1. Feasibility Study Brief

# Risk Assessment

## Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.01	If the council fails to approve the feasibility study recommendations and associated strategies it will not be able to achieve the outcomes for the venue and the town approved by cabinet in December 2011	Director Wellbeing & Culture	18.06.2013	4	2	8	Accept	Adoption of the Town Hall Feasibility Study and associated strategies.	July 2013	Entertainment & Business Manager	
1.02	If the council fails to approve the feasibility study recommendations and associated strategies it will result in Cheltenham being void of a strategic plan for entertainment and culture and the future commercial and artistic programming potential for the facilities will not be realised.	Director Wellbeing & Culture	18.06.2013	4	2	8	Accept	Adoption of the Town Hall Feasibility Study and associated strategies	July 2013	Entertainment & Business Manager	
1.03	If the council fails to approve the feasibility study recommendations and associated strategies it will result in future capital investment programmes being developed without adequate planning and therefore may result in a less operationally efficient venue and a decline in condition of the facilities	Director Wellbeing & Culture	18.06.2013	4	2	8	Accept	Adoption of the Town Hall Feasibility Study and associated strategies	July 2013	Entertainment & Business Manager	
1.04	If the council fails to approve the feasibility study recommendations	Director Wellbeing	18.06.2013	4	2	8	Accept	Adoption of the Town Hall Feasibility Study and associated	July 2013	Entertainment & Business	

	and associated strategies it will result in the facilities being unable to attract external funding sources and therefore may result in the need for increased property expenditure by the council	& Culture						strategies		Manager	
1.06	If the council fails to approve the feasibility study recommendations and associated strategies it may have a negative impact on other cultural providers and stakeholders within the town who rely on a first class venue to help deliver their business model.	Director wellbeing & Culture	18.06.2013	3	2	6	Accept	Adoption of the Town Hall Feasibility Study and associated strategies	July 2013	Entertainment & Business Manager	