

# Report to Cabinet

25 January 2024

By the Cabinet Member for Leisure, Culture and Green Spaces

## KEY DECISION REQUIRED



Not Exempt

### Investment in The Capitol Theatre: Decarbonisation and Refurbishment

#### Executive Summary

This report seeks consent to the refurbishment of The Capitol, Horsham District's multi-arts community venue, enabling it not only to remain a modern, thriving cultural venue for the District but also an energy-efficient building contributing towards the Council's carbon reduction plans required to reach its net zero target.

The Capitol offers a mix of live theatre, high quality professional performances with a mix of genres, as well as two cinema screens, appealing to a wide range of audiences. The Theatre supports the grassroots community, hosting amateur dramatics clubs, rehearsal and performance opportunities, youth theatre, music, and vulnerable groups. The cinema screens continue to show the latest releases and special screenings.

The Capitol has requires significant investment approximately every 20 years since being part of Horsham Districts property estate. The last refurbishment was in 2003, and now many of the fixtures and fitting are reaching their end-of-life expectancy.

The Capitol is the Council's highest emitters of CO<sub>2</sub> at 286 tCO<sub>2</sub>e (tonnes of carbon dioxide equivalent) per annum. Investment will look to reduce this by 100 tCO<sub>2</sub>e.

Aside from the primary aims of addressing the necessary refurbishments and achieving the Council's net zero targets, this investment offers a unique opportunity to maximise the tremendous potential the Capitol has to offer our community and beyond. The front of house spaces are under-utilised and modifications can create significantly more effective use of existing foyers and improve the commercial food and beverage offer. The theatre capacity can be increased to attract a better theatre touring product and the cinemas can be enhanced to continue to provide a supporting income to the Capitol.

Investment in the Capitol will reduce the annual subsidy for running the Theatre but spending £10.7m from reserves will have a larger negative impact on the council's revenue from the reduction in investment income, based on forecast interest rates.

## Recommendations

That Cabinet:

- i) Subject to the budget allocation, approves the refurbishment of the Capitol (option 4, as detailed in paragraph 3.16 of this report).
- ii) Approves the award of contracts (required to facilitate the recommended refurbishment) to the winning suppliers (i) named on existing framework agreements, and/or (ii) following a procurement exercise, and/or (iii) following the grant of a procurement exemption; and
- iii) Delegates authority to either the Director of Communities or Head of Legal and Democratic Services, in consultation with the Cabinet Member for Leisure, Culture and Green Spaces, to finalise the terms of and enter into the required contracts above-noted.

That Cabinet recommends to Council to:

- i) Approve a capital budget of £10.7m for the refurbishment works, profiled across the capital programmes budget for the following financial years: 2023/24, 2024/25, 2025/26 and 2026/27;

## Reasons for Recommendations

- i) To reduce carbon emissions at The Capitol, meeting the Council's aspiration for direct emissions to become net zero by 2030.
- ii) To ensure The Capitol remains up to date and able to provide and attract a mix of high-quality performances and entice new productions by replacing end-of-life fixtures and fittings, increasing and improving seating in the auditorium and cinemas and enhancing the overall customer experience and offer.
- iii) To reduce ongoing revenue costs of running The Capitol.
- iv) To maintain and improve the cultural and social benefits of continuing to provide a multi arts community venue.
- v) Full Council must approve the capital budget.
- vi) To facilitate the refurbishment works being undertaken and to delegate authority to award associated contracts for this purpose.

## **Background Papers**

Horsham Capitol Theatre Feasibility Study (Aug 2023), prepared by IPW

The Capitol Horsham: Feasibility Report (Rev A) (Aug 2023), prepared by Burrell Foley Fischer

The Capitol Horsham: Feasibility Report Addendum (Nov 2023), prepared by Burrell Foley Fischer

Capitol Theatre Order of Cost Estimate (Revision: V3) (Nov 2023), prepared by Focus Consultants

Cabinet Report dated 24 March 2022 – New Council Carbon Reduction Action Plan (April 2022 – March 2025)

**Wards affected:** All wards.

### **Contact:**

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Carol Algar, Corporate Project Manager

## Background Information

### 1 Introduction and Background

- 1.1 The Capitol is a much-loved theatre at the heart of the Horsham community and attracts good quality touring shows as well as producing an in-house annual pantomime. The Capitol is financed and managed by the Council which recognises the importance of the Capitol's cultural offer to the Horsham District and wider region.
- 1.2 The Capitol was originally opened in 1936 as a cinema called 'The Ritz', with over 1,000 seats. In 1982 it was listed for disposal and was acquired by Horsham District Council for £200,000 together with associated adjoining land costing £57,500. It reopened in 1984 as the 'Horsham Arts Centre' as a multi-arts venue, including a live theatre auditorium, with the physical spaces as they appear today.
- 1.3 In 2003 the Council invested £5.4m in infrastructure improvements in the building, including the addition of the glass frontage. Following a public vote in the West Sussex County Times, it was renamed 'The Capitol' in homage to another local theatre that had historically been sited in central Horsham.
- 1.4 Approximately every 20 years The Capitol requires investment in the building due to the lifespan of many of the fixtures, fittings, specialist equipment and nature of the infrastructure.
- 1.5 The Capitol represents one of the Council's highest emitters at 286 tCO<sub>2e</sub> (tonnes of carbon dioxide equivalent) per annum, which represents 31% of the Council's direct emissions (based on the latest 2022/23 data). This is made up of 84 tCO<sub>2e</sub> of electricity and 202 tCO<sub>2e</sub> from gas. The boilers and much of the heating and cooling systems are also end-of-life and need replacement.

### 2 Relevant Council policy

- 2.1 The Horsham District Council Plan 2023 – 2027 provides a focus for the Council's activities and sets out clear priorities for the Council to 2027. There are four broad themes and the following are most relevant to the Capitol investment proposals:
  1. **Supporting people and communities:** Invest in local arts and leisure and foster civic pride.
  2. **Inspiring greener futures:** Show the way to net zero through engagement with our community and our emerging Climate Action Strategy.
- 2.2 The 2023/24 Annual Plan also includes the following workstream:

*Agree the investment plan to ensure the decarbonisation and refurbishment of the Capitol Theatre.*
- 2.3 At the Council meeting in June 2023 the Council declared a Climate and Ecological Emergency for the Horsham District. A key element of the proposed investment in

the Capitol is to enable to the Council to move forward with its net zero agenda, enabling it to achieve its own net zero target for 2030 and the Horsham District net zero target for 2050.

### **3 Background**

- 3.1 IPW Consultants were engaged in 2022 to support the feasibility work for the Capitol's proposed refurbishment. The purpose was to explore the engineering principles and strategies for the provision of options to upgrade and improve The Capitol, taking into account the policy of the Council to ensure our building assets achieve net zero status. The following provides a brief summary of the report's key findings.

#### Existing Systems

- 3.2 Whilst the building has undergone several refurbishments since its construction in the 1930s, the previous major refurbishment was undertaken in 2003 when the Mechanical, Electrical and Plumbing (MEP) systems were upgraded, although a minor upgrade was undertaken in 2016 to add a new boiler plant.
- 3.3 An assessment of the existing systems found that the heating systems are in generally good condition and have been well maintained, however the main plant being 20 years old is reaching end-of-life and is not as efficient as modern equipment. The Air Handling Units (AHU's) ventilation installation are in good condition and have been well maintained and the chillers and chilled water systems have no operational issues and thus expect to be retained.
- 3.4 The heat recovery circuits in the two largest ventilation systems serving the theatre auditorium and cinema 1 are currently not operational and the solar thermal panels located at roof level which is part of the Domestic Hot Water System are not functioning. The electrical systems appear to be in good condition, however, the installation is reaching the end of the recommended 25-year life span and the building has a mixture of LED and other lamp types – fluorescent, tungsten – and has limited lighting control.

#### Improving the Capitol's Mechanical, Electrical and Plumbing (MEP) Systems

- 3.5 The work undertaken by the consultants identified that there are a number of prerequisite upgrades to the MEP systems that will be required to fulfil the carbon reduction requirements and to support the Council in achieving its net zero target for direct emissions by 2030.
- 3.6 The engineering consultants' report which is appended to the Feasibility Study provides more detail around the required upgrades to the MEP systems. Of note, however, is addressing the existing glazed foyer (which currently experiences overheating and poor air quality) to direct solar gain and reduce glare, changing the gas fired boilers to electric powered Air Source Heat Pumps and the introduction of photovoltaic panels which is considered a great opportunity to generate renewable energy. Other required improvements, include, but are not limited to, upgrading the air plant serving the auditorium which is required to meet increased capacity and

upgrades to the Building Management System and to the lighting which are required to improve its overall energy efficiency.

### Achieving Net Zero Carbon Operations

- 3.7 The main emphasis of any proposals to improve the Theatre's energy efficiency will be to negate the need for natural gas heating and replace with systems and equipment that use electricity as a primary energy source. The current building utilises no renewable energy sources, however, in terms of its operation the Display Energy Certificate (DEC) gives a C rating which shows that the venue is above the norm for comparable performance venues. The intention is to achieve an A rating however to achieve net zero in operation target and future-proof the business, there is a need for a significant change in the way the building's energy is delivered and managed.
- 3.8 Any progression with the decarbonisation of the Capitol will require further studies to monitor heating and electrical loads to establish peak loads and to identify the location of new meters to ensure that energy use is managed efficiently. Early engagement with the Council's Development Management team will also be an important next step, particularly with regard to the location of the Air Source Heat Pumps and the approach to the glazed foyer.

### **Improving the customer experience**

- 3.9 The theatre currently has 411 seats, many of which are torn and broken and are not a comfortable experience for customers. They have been patched up and re-upholstered multiple times, but this is not practical on an ongoing basis. The seats need replacing and there is an opportunity to look at maximising the space within the auditorium which will provide an increased opportunity for ticket sales and revenue return.
- 3.10 Increased numbers of seats in the theatre will also make The Capitol more attractive to producers with smaller touring productions, providing a wider range of performances and choice for audiences.
- 3.11 The seating in the two fixed cinema screens needs replacing as they are the same age as the theatre seats and so also end-of-life. The expectations from the cinema market are for a more comfortable, cosy and boutique experience. Therefore, replacing the seating provides an opportunity to not only reduce the amount of seating but also increase the comfort level. It is also recommended as part of the proposed re-design to address issues of noise transference from the theatre to the cinema screens and insufficient raking of the seats.
- 3.12 Recommended enhancements to the bar and catering offer, without significantly increasing overheads, allows for an optimum increase in secondary spend and improves the dwell time before and after shows.
- 3.13 There are several opportunities throughout the building to improve the flow of customers, increase accessibility and ensure the customer experience of visiting The Capitol is optimised encouraging an increase in repeat visits. There is also an opportunity to integrate a flexible box office and front-of-house operational

provision, incorporating digital technology improvements to meet customer expectations within the marketplace and ensure an efficient service.

- 3.14 Improvements to the building and an enhanced food/café offer should increase the venue's appeal as a destination for theatre and cinema goers and general public alike increasing overall footfall and use.

### **Refurbishment Proposals**

- 3.15 As part of the initial feasibility work, three options for refurbishment were presented:

#### Option 1 - Baseline - £6.7m

- minimum investment.
- minor increase in capacity to 441 seats.
- address some end-of-life refurbishment.
- move towards the net zero ambition.
- option would be unlikely to affect the revenue funding situation.

#### Option 2 - Medium Impact - £10.5m

- modifications to transform the glass box foyer.
- maximisation of bar space and front of house food and beverage offer.
- re-tiered cinema screens with improved comfort.
- re-tiered and enlarged theatre 495 seats.
- increased access throughout with a variety of wheelchair seating.
- transition of energy supply and services upgrades.

#### Option 3 – Optimum Impact - £11.3m

- which provides the same improvements as Option 2 but with:
- increased capacity to the first-floor foyer.
- improved connectivity between foyers.
- maximised theatre capacity of 521 seats.

- 3.16 On review of the initial three options, it was considered that the preliminary budget estimates for Options 2 and 3 were not significantly different in cost and that a hybrid scheme containing elements from both was the most appropriate way forward. An updated report was produced detailing the following:

#### Option 4 – Hybrid Scheme - £10.7m

This scheme is essentially Option 2 with some of the elements of Option 3 included, most noticeable is the addition of upstairs toilets and increased capacity to the first-floor foyer. The omissions from Option 3 are the additional seats in the balcony areas as these were seen as 'nice to have's' but do not stack up financially and additional staircase in the front atrium giving access to first floor foyer. Hybrid Option 4 is therefore the recommended scheme as it is considered that this will deliver the best outcome balancing necessary prudent investment and the provision of front of house, theatre and MEP systems improvements. As a summary, Option 4 will offer:

## Front of House Improvements

- Replacement of front foyer glazing with high performance insulated and solar control glass and introduction of louvres. Draft lobby and accessible entrance. Improved ventilation.
- A screened external terrace easily connected to the front foyer.
- A new bar within the front foyer to create daytime centre of activity.
- Unblocked openings through the original facade to increase the visibility of the original main staircase and improve connectivity to the screens and main house.
- Inner foyer with longer bar turned 90 degrees and folding screens to provide separable space.
- First floor bar enlarged.
- Provision of changing places facility at ground floor and additional toilets at second floor in current office space.

## Theatre Improvements

- 900mm back to back rows (total 17 rows), 500mm seat widths.
- 2 new rows at rear by reducing control room.
- Balcony resealed with 500mm wide seats.
- Creation of additional seating to provide 376 seats in the stalls, 119 seats in the balcony area which also includes plus 5 permanent and 1 removable wheelchair position creating a total theatre capacity of 495. An overall increase of 84 seats.

3.17 An Order of Cost Estimate has been prepared by the Council's consultants to understand the various options. The overall scheme estimates for the four options are summarised in the table below:

<b>OPTIONS</b>	<b>1. Baseline £000's</b>	<b>2. Medium £000's</b>	<b>3. Optimum £000's</b>	<b>4. Hybrid £000's</b>
Construction	3,877	6,094	6,581	6,242
Professional Fees	970	1,524	1,647	1,562
Contingency & Inflation Allowance	1,822	2,863	3,091	2,932
	<b>6,669</b>	<b>10,481</b>	<b>11,319</b>	<b>10,736</b>

3.18 Based on the indicative programme, prepared by the Council's consultants, the mid-point of construction is assumed to be Q1 2025/26 and the current total inflation allowance has been updated to 10% calculated using the Building Cost Information Service (BCIS). Preliminaries have been forecast at 13% which is based on costs being received for other tenders and the main contractor's overheads and profit has been allowed at 7.5%. Professional fees have been included at 20% and other development costs at 5%. For the purposes of the Order of Cost Estimate it has



been anticipated that a traditional contractual route will be used and construction will take place in a single phase.

## Closure period

- 3.19 The Capitol most likely will close in April 2025, with the aim of re-opening in November 2026. During 2025/26 proposals will be developed to ensure that Horsham District Council continues to promote and support the arts, and these will be developed for consideration by Cabinet and Council as appropriate.

## 4 Next Steps

- 4.1 The next steps would be:

KEY MILESTONES / TASKS	INDICATIVE TIMESCALES
Procurement and appointment of Project Team – Professional Services	Feb 24
Detailed 2D/3D building survey and structural assessment	Feb – Mar 24
Spatial review of the options for seating, including an assessment of sightlines, to be undertaken with a theatre specialist	Feb – Mar 24
MEP baseline existing systems monitoring and services design	Feb – Mar 24
Other surveys as necessary	TBD
RIBA Stage 2 Concept Design	Dec 23 – May 24
RIBA Stage 3 Spatial Design Co-ordination	May – Oct 24
RIBA Stage 4 Technical, Pre-construction Design	Oct 24 – May 25
Contractor Procurement and Appointment	Oct 24 – May 25
RIBA Stages 5 & 6 Construction and Handover	Apr 25 – Sept 26
Specialists Fit Out and Occupation	Sept – Nov 26
Theatre Re-launch	13 Nov 26
RIBA Stage 7 In Use	Sept 26 – Nov 27

## 5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The Leisure, Culture and Green Spaces Policy Development and Advisory Group (PDAG) was updated on 26 September 2023 and 14 November 2023 and the group was supportive of the recommended option. The PDAG will be considering this report at its meeting on 17 January and their comments will be reported to the Cabinet meeting.
- 5.2 The Director of Communities met with the Chairs of Denne, Trafalgar and Forest Neighbourhood Councils in December 2023 who were briefed on the proposals.
- 5.3 The Monitoring Officer and the Director of Resources have been consulted to ensure legal and financial probity.

## **6 Other Courses of Action Considered but Rejected**

- 6.1 Prior to reaching the conclusion that a Hybrid Option 4 was the preferred solution, there were essentially six other options.
- 6.2 Close The Capitol and not provide a theatre and arts venue and sell the current building or redevelop for alternative use. It is unlikely the private sector would provide a new live theatre in Horsham Town. Therefore, this option has been seen as undesirable throughout this process.
- 6.3 Build a new theatre and arts venue and sell the current building or redevelop for alternative use. A desktop analysis suggested that this would be disproportionately expensive (c£40m) and was therefore discounted.
- 6.4 Delay expenditure until (more or all) facilities and infrastructure reach end of life; this is predicted to be within another few years. Whilst the boilers at the Capitol could potentially continue to be used for a few more years, the fixtures and fittings within the theatre need investment. If the facilities within the theatre do not meet people's expectations, many would take their custom elsewhere, which would have a knock on financial impact on the Capitol.
- 6.5 Invest £6.7m as detailed as Baseline Option 1 in the Feasibility Study (Background Papers). This option enables the Council to achieve some of the carbon reduction ambitions as well as replacing end-of-life fixtures and fittings. This enables The Capitol to essentially stand still with its current offer with no improvements to the customer experience. It was considered that this was a missed opportunity to deliver tangible improvements that would make a difference to the customer experience and to increase the capacity of the theatre, which in turn will increase the opportunity to attract an improved performance offer.
- 6.6 Invest £10.5m as detailed as Medium Impact Option 2 in the Feasibility Study (Background Papers). This option enables the Council to achieve the carbon reduction ambitions and make modification to the glass box foyer, increase capacity to 495 seats, maximise front of house and bar space, re-tier cinemas and theatre and transition energy supply and service upgrades. This option was essentially accepted but with some additional elements from option 3 – see 6.7.
- 6.7 Invest £11.3m as detailed Full Scheme Option 3 in the Feasibility Study (Background Papers). This option offered the same improvements as Medium Impact Option 2 with increased capacity to the first floor foyer, increased connectivity between foyers (staircase) and increase capacity to 521 (mainly to balcony areas). The added connectivity and additional seats were not deemed necessary or beneficial given the cost.
- 6.7 After reviewing options 2 and 3 it was considered that option 2 offered the best improvements but there were elements of option 3 that could be accommodated. Option 4 was therefore developed as a hybrid of the two and is considered the best solution.

## 7 Resource Consequences

### Financial overview

- 7.1 The decarbonisation and refurbishment proposals at the Capitol Theatre recommended to Council in this report are projected to cost £10.7m which represents a significant financial investment for the Council. The capital expenditure is anticipated to be provided from the Environment and Infrastructure earmarked reserve.
- 7.2 Spending £10.7m from reserves has a significant effect on the cost of capital, effectively measured as an impact on treasury management investment income generated from having those funds in the bank. In addition, closure costs have been estimated along with a reduction in the subsidy from the £0.35m the Council currently spends each year running the venue, when the venue is reopened again.
- 7.3 The table below shows the financial impact of the £10.7m investment on the revenue within the Council's Medium-Term Financial Strategy on top of the existing budget subsidy for running the Capitol Theatre of £0.35m per year.

<b>MTFS Impact - Option 4</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
Cost of capital investment	11	26	204	189	0	0	0
Additional cost of closure	0	0	195	0	(195)	0	0
Reduction in subsidy	0	0	0	0	(162)	0	0
<b>Revenue Impact in year</b>							
<b>Net exp / (income)</b>	<b>11</b>	<b>26</b>	<b>399</b>	<b>189</b>	<b>(357)</b>	<b>-</b>	<b>-</b>
<b>Cumulative Impact</b>							
<b>Net exp / (income)</b>	<b>11</b>	<b>37</b>	<b>436</b>	<b>624</b>	<b>267</b>	<b>267</b>	<b>267</b>

- 7.4 Whilst considering the £10.7m costs associated with this project, it should be remembered that further investment will continue to be needed approximately every 20 years in the future.
- 7.5 The refurbishment will have cumulatively cost an additional £1.91m in revenue terms by the end of the Medium-Term Financial Strategy period. There is no payback on the investment. Once the refurbishment period is over and the Theatre is operating again, the net effect of the spend in revenue terms is it will add an additional £0.27m cost per annum to the existing budget of £0.35m per annum. i.e. it will effectively be costing £0.62m per year to run the Capitol Theatre.
- 7.6 The alternative options have also been reviewed financially in Appendix 1 for comparison. There is not a significant difference between them. Undertaking the baseline option is however the cheapest in the comparison period at a £1.4m

cumulative revenue cost because it closes for a shorter period and only adds a further £0.26m in net revenue costs once reopened.

- 7.7 The Chief Finance Officer (CFO) cannot support the investment on financial grounds, given that it worsens the Council's revenue position as the investment does not pay back. Financially, the best course of action would be to reduce the scope of the investment and value engineer the cost down to something that is more affordable and does not worsen the financial position. It is also currently unclear whether the amount being spent on decarbonisation are value per tonne of carbon saved, compared to other possible carbon savings at other council assets. The financial view must be considered alongside the environmental and social benefits.
- 7.8 Obtaining funds and grants from other sources such as decarbonisation grant funding or funding from the Lottery or the Arts Council would of course also help reduce the overall impact. The CFO will ensure that all avenues are pursued that would reduce the costs to the Council. However, this cannot be guaranteed, and Councillors should be prepared to make the decision on the basis that such funds will not be forthcoming.
- 7.9 This impact of the costs during the closure period and ongoing additional £0.27m net subsidy is included in the £3.7m per year projected deficit reported in the Budget and Medium-Term Financial Strategy report also on this agenda. As set out in that report, if Councillors approve this item of expenditure, they will need to make some further decisions in 2024 to firm up plans to pay for the additional financial burden. This will involve a combination of generating more income and reducing the quality or quantity of services that the Council provides.

## **HR and staffing considerations**

- 7.10 There are no immediate HR implications arising from this report. However, the closure of the Capitol for a period of time will impact on the staff who work there. The Head of Leisure and Culture and the Capitol Venue and Production Manager will work with HR around the implications of the closure. A key factor in this will be the plan for supporting and delivering cultural activities during the closure period. The staffing implications will be considered as part of the consideration of those proposals.

## **8 Legal Considerations and Implications**

- 8.1 If approved, the recommendations contained in this report, will sit within the Council's Budget and Policy Framework.
- 8.2 The Council has the power to refurbish the Capitol pursuant to Section 1 of the Localism Act 2011.
- 8.3 Whilst the Council can call-off from framework agreements (as detailed in Section 10 of this report), any call-off must be managed to ensure compliance with the framework, the Council's Procurement Code and the Public Contract Regulations 2015, where applicable.

- 8.4 The Head of Legal and Democratic Services has been consulted regarding this work to discuss the potential resource implications to ensure the input of a contract lawyer at the earliest opportunity.
- 8.5 The Monitoring Officer endorses the opinion expressed by the CFO at paragraphs 7.7 and 7.8 of this report.

## **9 Risk Assessment**

- 9.1 If investment in the Capitol is supported, this will be a key project for the Council and an important part of meeting the Council's 2023-27 Council Plan and net zero objectives. If the project is progressed a formal risk assessment will form an important early-stage piece of work as part of the project plan. There are, however, a number of financial, operational and project risks that have been identified as part of the work undertaken to date, which are detailed below.

### **Financial Risks**

- 9.2 The proposed investment in the Capitol decarbonisation and refurbishment is significant and an overview of the financial considerations has been provided in section 7 of this report. Nevertheless, there are financial risks associated with a refurbishment scheme of this scale, which include capital costs escalating as a result of volatile market conditions, inflation risks, delays and overruns beyond our control, unexpected or unforeseen occurrences such as the discovery of asbestos or problems with the foundations, changes in design to improve things as we go along, identifying things later that we just haven't included in the budget, such as upgrades to Technology in the refurbished building. All these things could increase the cost of the project, and therefore worsen the impact on the Council's revenue position as a result of the cost of capital invested. This in turn will worsen the forecast budget gap in the Medium-Term Financial Strategy.

### **Operational Risks**

- 9.3 Based on the feasibility work undertaken to date the indicative project timeline details that the Capitol would be closed for approximately 18 months for construction and fit out. This closure period presents a number of operational risks to the Theatre which will require further detailed consideration and a mitigation strategy developed as part of the project plan to minimise these risks to the operation of the Theatre during closure.
- 9.4 The project will be managed by a project team with key officers meeting weekly with regular reports to PDAG throughout the duration of the project. The cabinet member will be updated fortnightly with cabinet updates as necessary.
- 9.5 The impact on the customer base, particularly around the pantomime season, and the potential loss of loyalty over a relatively lengthy closure period are identified risks.

- 9.6 Proposals will be developed around The Capitol on Tour or Capitol Events with a bespoke marketing campaign throughout the closure period to maintain and protect the brand.
- 9.7 Engagement of the volunteers who support the Capitol across the duration of the closure is identified as a risk.
- 9.8 A schedule of updates and 'staying in touch days will ensure that the volunteers feel involved with the project. Potential for volunteer involvement during any Capitol on Tour Programme and as the Capitol gets ready to reopen.

## **Project Risks**

- 9.9 The feasibility work that the consultants have undertaken contains an indicative programme timeline identifying the project steps from concept design, through spatial co-ordination, planning, technical design, construction and re-launch. The timeline is very detailed and is considered to provide a good indication of the scope of work involved in a project of this scale.
- 9.10 However, the timescales are tight. £270,000 of the approved budget will be used in 2023/24 in order to progress the next stage of the concept design work to mitigate this risk.
- 9.11 The Capitol re-launch is currently programmed for mid-November 2026 but this leaves no room for unexpected delays to the project timeline, given the aspiration to re-open the Capitol for the 2026 pantomime season. There may be events that are beyond the direct control of the project team, such as those related to the planning application process, unexpected issues with the building during construction or those related to third party contractors. Therefore, the potential for impacts on the 2026 pantomime season and project overrun into 2027 are identified as a risk.
- 9.12 The project team will monitor schedule. Cast for 2026 panto will be secured in January 2026; if timescales slip the planned 2026 panto and cast will move to 2027. Clarity needed about potential cancellation fees and timescales associated to this.

## **10 Procurement implications**

- 10.1 The consultants who were appointed to undertake the feasibility work were based on contract values below £20,000. The next stages of the project will require significantly greater investment and the Council will therefore seek to use public sector procurement frameworks, such as SCAPE or ESPO, to secure the lead consultants and contractors with the necessary expertise.
- 10.2 The public sector procurement frameworks have been competitively tendered and are compliant with the Public Contract Regulations 2015 and the Council's Procurement Code and can deliver more efficient projects than going to open tender because they have already undertaken significant market engagement and evaluation to shortlist the suppliers invited to tender. For high value construction projects, such as the Capitol's refurbishment, procuring through a public procurement framework will save the Council significant time and can make major cost savings, removing the need for lengthy and expensive tendering processes

which will be required given the multi-disciplinary expertise that a project of this scale will require. Frameworks also provide legal protections for the Council and the assurance that due process is met.

- 10.3 Given the timescales associated with this project, the recommendation to delegate authority (to award the required contracts) to either the Director of Communities or Head of Legal and Democratic Services, in consultation with the Cabinet Member for Leisure, Culture and Green Spaces, will allow for the project team to be contractually appointed as soon as possible.

## **11. Equalities and Human Rights implications / Public Sector Equality Duty**

- 11.1 The delivery of the project will lead to improved facilities, particularly for disabled people. The improved seating will include better viewing for disabled people and a Changing Places facility will be provided as part of the improvements. There will also be an increase in the number of toilets provided for all customers and improvements to access and movement within the building.

## **12 Environmental Implications**

- 12.1 Earlier sections of this report provide details of the significant carbon reduction gains that can be achieved as a result of the proposed refurbishment along with other positive environmental impacts such as reduced energy usage and opportunities for renewable energy generation. As part of the development there will also be more efficient water usage.

## **13 Other Considerations**

- 13.1 GDPR legislation will be followed and all external organisations contracted throughout the project will be contractually required to adhere to data protection requirements.
- 13.2 During any closure and construction period, the Theatre may be at increased risk of vandalism and/or break-ins and the Council will need to work closely with the building contractors to minimise any risks.
- 13.3 Suitable building works insurance will be obtained.

## Appendix 1

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Impact over MTFS period £000's
<b>MTFS Impact - Option 1 Baseline</b>								
Cost of capital investment	0	0	261	0	0	0	0	
Additional Cost of Capitol Closure	0	0	110	-110	0	0	0	
Reduction in subsidy	0	0	0	0	0	0	0	
<b>MTFS Impact</b>	0	0	371	- 110	-	-	-	
<b>Cumulative Impact</b>	0	-	371	261	261	261	261	1,414
<b>MTFS Impact - Option 2</b>								
Cost of capital investment	11	25	194	180	0	0	0	
Additional Cost of Capitol Closure	0	0	195	0	-195	0	0	
Reduction in subsidy	0	0	0	0	-150	0	0	
<b>MTFS Impact</b>	11	25	389	180	- 345	-	-	
<b>Cumulative Impact</b>	11	36	425	605	260	260	260	1,855
<b>MTFS Impact - Option 3</b>								
Cost of capital investment	11	26	209	196	0	0	0	
Additional Cost of Capitol Closure	0	0	195	0	-195	0	0	
Reduction in subsidy	0	0	0	0	-188	0	0	
<b>MTFS Impact</b>	11	26	404	196	- 383	-	-	
<b>Cumulative Impact</b>	11	37	441	638	255	255	255	1,892
<b>MTFS Impact - Option 4</b>								
Cost of capital investment	11	26	204	189	0	0	0	
Additional Cost of Capitol Closure	0	0	195	0	-195	0	0	
Reduction in subsidy	0	0	0	0	-162	0	0	
<b>MTFS Impact</b>	11	26	399	189	- 357	-	-	
<b>Cumulative Impact</b>	11	37	436	624	267	267	267	1,910
<i>Running level of subsidy</i>	350	350	350	350	350	350	350	2,450