

THE EXECUTIVE

8 APRIL 2003

REPORT OF THE DIRECTOR OF EDUCATION, ARTS AND LIBRARIES

BROADWAY THEATRE REDEVELOPMENT		FOR DECISION
<i>This report asks the Executive to agree the appointment of Trustees to the Broadway Theatre Trust to run the Broadway Theatre on behalf of the Council and Barking College.</i>		
<u>Summary</u>		
This report provides an update on progress with the redevelopment of the Broadway Theatre. The Executive is asked to agree the recommendations set out below in order to allow the scheme to progress.		
<u>Recommendations</u>		
The Executive is asked to note the report and agree the Council's nominated Trustees, as set out in the report; to be reviewed in December 2004.		
<u>Reasons</u>		
To progress the redevelopment scheme.		
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1. Background

- 1.1 The Executive of December 19th 2000 approved a proposal to redevelop and refurbish the theatre as a partnership between the Council and Barking College.
- 1.2 Following an architectural design competition the Executive of the 26 June 2001 approved the proposal to engage the winning architect Tim Foster Architects, as architect to the project.
- 1.3 The development work was overseen by a Steering Group chaired by the Director of Education, Arts and Libraries and including the Principal of Barking College. This group has met regularly and continues to closely monitor the scheme's progress.
- 1.4 Outline proposals were presented by Tim Foster to the Executive on 26th February 2002 and were approved. However, owing to uncertainty regarding the College's financial contribution, further detailed design work was halted so as to avoid the possibility of abortive fees being paid.

- 1.5 The College has to obtain funding and approval from the Learning Skills Council (LSC) and regrettably the LSC were unable, owing to the unique nature of the project, to give approval until early this year. Approval was received in January 2003. Detailed design work is now under way in order to complete the project on programme, by September 2004, ready for the College's new term.

2. Main Body of the Report

2.1 Design and building update

- 2.1.1. Following agreement to re-commence detailed design work a new programme was agreed by the Steering Group as follows:

Out to tender	28/04/03
Tender to return	26/05/03
Authority to proceed	June 03
Commence on site	21/07/03
Work complete	12/07/03
Fit out	August 04
Occupation	30/08/04

Detailed design work is currently under way and is proceeding to programme. Planning permission has been obtained for both the new front extension and the change of use of the lower ground floor for educational purposes.

- 2.1.2. Consultation with the main user groups has taken place plus a public consultation exercise involving the possible other users, outside the Council and College. Observations received have, wherever possible been included within the scheme.
- 2.1.3. A risk register is now in place so as to assist bringing the project out on time, within budget and to quality. Preliminary investigations including structure, archaeology, asbestos, etc. have been completed, so as to reduce contractor's risk (that increases cost) and no particular adverse conditions have been found.
- 2.1.4. At present the contractors who will be invited to tender are being selected following a European advert, to which there were 31 responses.
- 2.1.5 Tender prices remain a concern. The construction market is at present quite volatile caused by concerns, for example, regarding the Middle East situation and the effect that major projects within the south-east e.g. Wembley Stadium and Terminal 5, will have on the market place. Although every effort is being made to mitigate increased costs the true cost will not be known until the tenders are returned.

2.2 Legal update

2.2.1 The legal documents that have been prepared to date are:

The Development Agreement relating to the Broadway Theatre, Barking;

Lease of the Broadway Theatre, Barking to be granted pursuant to Development Agreement;

(The Executive is asked to note that as the lease is for more than seven years at a peppercorn rent the consent of the Secretary of State will be obtained under s123 of the Local Government Act 1972);

The Facilities Management Agreement to be entered into pursuant to Development Agreement;

2.2.2 In addition, as part of the Development Agreement, a Trust will be set up to run the Broadway Theatre on behalf of the Council and Barking College.

2.2.3 This Trust will be a Company limited by guarantee and will be known as the Broadway Theatre Company Ltd. In respect of this Company the Memorandum of Articles and Association have been prepared.

2.2.4 The total number of trustees will be eleven of which three will be nominated by the Council and another three by the College. The remaining five will be nominated jointly by the Council and Barking College.

2.2.5 Authority is sought to appoint the Council three trustees. In the first instance, they will be:

The Director of Education, Arts and Libraries - Roger Luxton
The Head of Literacy and Cultural Services - Jane Hargreaves
The Head of Arts Services - Tracey McNulty

These officers will stay in post until the Theatre is open and running. At this point the Executive will be asked to review the nominated Trustees. It is hoped that Members will then wish to act as Trustees.

3. Consultations/financial and other implications

3.1 Financial Update

3.1.1. The Quantity Surveyor's latest assessment forecasts a total cost of around £4.76m. This is £364,000 more than the budget of £4.4m. In addition to the main project cost there is a commitment to fund landscaping and maintenance work amounting to £160,000. In view of this additional cost the Broadway Theatre Steering Group have considered a number of options and saving measures to ensure that spending is maintained within the approved budget. This included a

bid to the London Development Agency for a contribution towards the project. The Steering group have also earmarked some possible saving options as a fall back measure to meet the possibility of additional building costs.

3.1.2. The exact financial position will be confirmed when the tendering process has been completed towards the end of May. It is anticipated that further information and/or a decision on the LDA funding bid will be available at the meeting (verbal report).

3.1.3. The actual costs of the project to date are £392,000; the main payments relate to Architect, Quantity Surveyor and Legal fees.

3.2 Non-domestic rate discretionary rate application

The Theatre Trust will on completion of the legal documentation make a formal application to the Council for discretionary rate funding. It is estimated that if accepted the cost to the Council would be less than £5,000.

3.3 VAT Implications for the Council

The Financial Director (Acting) has received the legal documentation. This has been forwarded to Customs and Excise, with a letter from Deloitte & Touche setting out the Council's priorities in taking on this capital project and the Council's responsibilities towards the Trust. We are waiting their decision.

4. Conclusion

A further report will be presented to the Executive in June, when tenders have been received. This will include a full financial report.

Public background papers (used in preparation of the report)

- Report to the Executive 19th December 2000
- Report to the Executive 26th June 2001
- Report to the Executive 26th February 2002