

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 26 September 2019

Portfolio:	Leisure and Community
Subject:	Concept Design and Budget Costs for remodelling Ferneham Hall
Report of:	Director of Leisure and Community
Corporate Priorities:	Leisure Opportunities for Health and Fun

Purpose:

To seek approval for the concept design, budget cost and funding arrangements for the remodelling of Ferneham Hall into a new community and arts entertainment venue.

Executive summary:

Ferneham Hall is becoming dated and tired, and its operating costs are escalating. Transforming Ferneham Hall into a new arts and entertainment venue with a community focus was identified as priority in the Council's Corporate Strategy 2017-23.

An initial vision for remodelling Ferneham Hall into a new community arts and entertainment venue was approved by the Executive on 9 July 2018, alongside the establishment of both a Member Working Group and Officer Working Group to oversee the project. The vision was subsequently updated in December 2018 following a wide-ranging consultation, with the size of the main auditorium increasing to around 800 seats (originally 400-500) and a greater flexibility being placed on spaces for hire.

This vision has been the central point of reference during the design process and an exciting concept design has been produced which best matches this vision as well as the needs of the preferred operator.

Whilst every effort has been made to minimise costs and not overprovide facilities, the Council's ambitious vision is reflected by the project's budget cost of £12.35m.

It is proposed that funding for the remodelling project will be provided by current and future Community Infrastructure Levy (CIL) receipts. The Council's capital reserve derived from CIL currently stands at £4.7m. Funding of the project will therefore require the Council to commit future CIL receipts of £7.65m to the project.

It is projected that it will take between 5-8 years to receive sufficient CIL receipts to cover the project cost. Therefore, it is proposed to supplement the current CIL reserve of £4.7m with prudential borrowing of £7.65m. In addition, potential grant

opportunities provided by external organisations are currently being explored to supplement the CIL contributions.

A significant commitment of CIL funding towards the new venue will restrict the Council's ability to fund other, new community-related projects that would ordinarily utilise CIL. It will not, however, have any impact on the community-based schemes (such as play area improvements) that are already approved in the Council's capital programme, or other schemes that can be self-financed.

This report seeks approval of the concept design and project cost, as well as to allocate project funding through a combination of current and future CIL receipts, supplemented by prudential borrowing.

Recommendation/Recommended Option:

It is recommended that the Executive approves:

- (a) the concept design of the remodelled Ferneham Hall, as outlined in Appendix A to this report, and that this be submitted as part of a planning application;
- (b) the budget cost of £12.35m; and
- (c) the funding of the project through current and future CIL receipts, supplemented by prudential borrowing and external grant funding where available, as set out in the report.

Reason:

To enable work to progress on the project to remodel Ferneham Hall into a new community and arts entertainment venue.

Cost of proposals:

The budget cost of the project is £12.35m which is to be funded through current and future CIL receipts. The Council's CIL capital reserve currently stands at £4.7m. Funding of the project will therefore require the Council to commit future CIL receipts of £7.65m to the project.

It is projected that it will take between 5-8 years to receive sufficient CIL receipts to cover the project cost. Therefore, it is proposed to supplement the current CIL reserve of £4.7m with prudential borrowing of £7.65m.

Appendices:

- A: Concept Designs
- B: Vision and concept design comparison

Background papers: Project Documents

Reference papers: Report to the meeting of the Executive held on 3 December 2018 entitled 'Ferneham Hall Vision Review'

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BOROUGH COUNCIL

Executive Briefing Paper

Date:	26 September 2019
Subject:	Concept Design and Budget Costs for remodelling Ferneham Hall
Briefing by:	Director of Leisure and Community
Portfolio:	Leisure and Community

INTRODUCTION

1. The purpose of this report is to provide an update on the project to remodel Ferneham Hall into a new community arts and entertainment venue. It then outlines the preferred concept design and budget cost and seeks approval for both.

BACKGROUND

2. Ferneham Hall is becoming dated and tired, and its operating costs are escalating. Transforming Ferneham Hall into a new arts and entertainment venue with a community focus was identified as a priority in the Council's Corporate Strategy 2017-23.
3. In response to this, an initial vision for remodelling Ferneham Hall into a new community arts and entertainment venue was approved by the Executive on 9 July 2018. This vision outlined plans for a remodelled venue that had:
 - A main auditorium with 400-500 seats, reduced from the current 708
 - Improved stage and backstage areas
 - A smaller secondary performance space of 100 seats
 - A dance studio
 - Community rooms for hire
4. In addition to the Vision, the Executive also agreed that:
 - Ferneham Hall remain in its current location within the Civic Quarter.
 - A business plan for the venue, originally produced by industry experts AEA Consulting in 2015, be updated.
 - A procurement process be undertaken to identify an experienced operator to run the venue on the Council's behalf.
 - Ferneham Hall be closed in late 2019 to enable construction works to be undertaken.

- A Member Working Group (MWG) and Officer Working Group be established to oversee the design and construction of the project.
 - Options for naming the remodelled venue be presented at a later meeting.
 - Delegated authority be given to the Director of Finance and Resources, following consultation with the Executive Member for Leisure and Community, to utilise an initial sum of £100,000 to enable expenditure.
5. At the time, it was also agreed that the new venue should be capable of being constructed in three phases. With the costs of phase one of the project being funded from the Community Infrastructure Levy and external funding where possible. Funding for the latter stages would be agreed subject to a further report.

DECEMBER 2018 - AMENDED VISION APPROVED

6. A consultation with the public, regular hirers, industry experts and potential operators on the Council's initial vision took place between 17 August and 01 October 2018. The results of the consultation were presented at the 3 December 2018 Executive meeting.
7. There was clear support and enthusiasm for the Council's vision amongst all the groups consulted and engaged with. However, the feedback identified some areas that could be updated to better reflect the needs of public, hirers and potential operators. In response to this the Executive approved the following changes to the vision:
- **Auditorium size increased to around 800 seats:** Theatres with around 800 seats can generally attract higher profile and better-quality shows, generating more income through tickets sales and 'on the night' spending such as on food and drink'.
 - **Second, smaller auditorium replaced by flexible secondary performance space:** The flexibility of the space would allow a range of activities and events encouraging more use and making it easier to programme for.
 - **Dance studio replaced by a flexible studio space:** The space would be available for hire for a variety of uses as opposed to just dance, helping to increase use.
8. The amended Vision, alongside feedback from potential operators has been the central reference point for all the ensuing design activities.

NOVEMBER 2018 – APRIL 2019: PROJECT TEAM ASSEMBLED

9. An Employers Agent with strong experience in remodelling arts venues was appointed in November 2018. Employers Agents recruit and manage on behalf of the client i.e. the Council, the contractors involved in the design and construction of buildings. In early 2019, they appointed a design team comprising of an architect, quantity surveyor and theatre consultant, all experienced in large scale remodelling projects.

APRIL-MAY 2019: OPTIONS AND COSTINGS DEVELOPMENT

10. A design brief based on the Council's vision was agreed by the MWG in April 2019. This reflected the contents of the Council's ambitious vision for the remodelled venue and would form the basis of the concept designs.

11. The project team began investigating the building and developed early design ideas and modelled costings against the brief. At this point it became clear that the costs of the works would be around 25% cheaper if the venue was remodelled as opposed to completely rebuilt.
12. A single-phase build approach was also preferred. Although this would incur higher initial costs, the overall costs of the project would be lower. Potential operators were also keen to have a single phase of works, as this would allow them to generate more income, break even earlier and avoid a period of major disruption.
13. Both the remodelling of the venue and the completion of the works in a single phase were supported by the MWG.

DEVELOPING THE CONCEPT DESIGN

14. The development of the concept design required the design team to work closely with officers and members as well as the potential operators. The designs evolved over a number of stages following feedback from those involved.
15. During this process particular consideration was given to ensuring that design priorities of the vision and the reasonable requirements of the future operator would be met without overproviding and unnecessarily increasing the budget cost.
16. For example, both the Green Room and Studio Space were located on the ground floor in an early iteration of the design. This meant that the venue would have to be built out further to accommodate them. By moving these onto the first floor, the preferred concept design discussed below has enabled the same level of provision without increasing the footprint of the building.

CONCEPT DESIGN

17. The concept design presented for approval is the one that best matches the Council's vision for the remodelled venue and supports the requirements of the preferred operator. The following is an overview of the main aspects of the building. More detailed information and designs are available in Appendix A to this report.
18. **Main Auditorium: 808-seats**, with retractable seating on the ground floor and fixed balcony seating on the first floor. The stage depth will be 8.2m increasing to 10m with stage extensions. This is considerably deeper than the current 6.2m depth. This stage size combined with a Flytower/Fly-system that will allow quick changes of scenery will help attract a greater range of professional productions, whilst still meeting the needs of the current users of Ferneham Hall.
19. **Foyer and Interval Space:** The foyer size will increase compared to the current space in Ferneham Hall. It will be more open and welcoming, with space for small pop-up exhibitions. A café with kitchen and servery tailored to the needs of the operator will operate throughout the day on the ground floor, with an additional outdoor seating area available. The foyer space continues up to the first floor, where there is also a bar area with terrace.
20. **Secondary Performance Space:** The 120-capacity room will have demountable seating alongside a projector and screen. This means that the space is fully flexible, allowing uses such as cinema screenings, conferences, performances, dance and community meetings.

21. **Studio Space:** Located on the first floor, the 25-person capacity studio will accommodate a range of activities e.g. yoga, dance, exhibitions and conferences.
22. **Community facilities:** A large flexible meeting room for hire will be provided on the ground floor. Community groups and organisations will also be encouraged to hire both the studio space and secondary performance space.
23. **Changing facilities:** A large green room alongside a number of accessible changing rooms will be provided to cater for performances involving high numbers of participants e.g. dance schools.
24. **An accessible venue:** Fully accessible toilets and changing rooms will be provided, alongside an accessible lift to the first-floor area. Customers in the main auditorium will be able to choose from a number of accessible seating locations on both the ground and first floors.
25. The concept design presented would enable the remodelled venue to operate as a busy community arts and entertainment centre which includes daytime and evening activity, seven days a week. Appendix B to this report contains more detail on how well the concept design matches the Council's vision.

FINANCIAL IMPLICATIONS

26. The project budget cost has been developed alongside the concept design. As mentioned earlier, significant work has gone into ensuring that the remodelled building achieves the Council's vision but does not overprovide.
27. The overall cost of the project would be £12.35m, which allows for the construction costs, professional fees, fixtures, fittings, audio visual equipment, etc and a project contingency of 5%, recognising the risks and uncertainties associated with such a project.
28. The budget cost reflects the nature of the bespoke remodelling project, the Council's ambitious vision and the need to provide a facility that can eventually break even and generate income for the Council.
29. As this is a borough-wide facility, it is proposed that funding for the remodelling project will be provided by current and future Community Infrastructure Levy (CIL) receipts. CIL receipts are a charge which is levied on certain new development in the area. In addition, potential grant opportunities provided by external organisations are currently being explored to supplement the CIL contributions.
30. The Council's CIL reserve currently stands at £4.7m. Funding of the project will therefore require the Council to commit future CIL receipts of £7.65m to the project.
31. Based on the anticipated level of development within Fareham, it is projected that it will take between 5-8 years to receive sufficient CIL receipts to cover the project cost. Therefore, it is proposed to supplement the current CIL reserve of £4.7m with prudential borrowing of £7.65m, to enable the project to commence early in 2020.
32. This approach would result in a new financial pressure on the General Fund of between £330k (over 5 years) to £500k (over 8 years), which equates to approximately £65k p.a. Savings would therefore need to be secured to meet this new financial pressure, which could be derived from the future management arrangements of the new venue, or by utilising some funding from other community-related budgets. This will be incorporated

into the Medium-Term Finance Strategy in the coming months.

33. Finally, as would be expected of an investment this significant, the commitment of future CIL receipts will restrict the Council's ability to fund other new community-related projects that would ordinarily utilise CIL. It will not, however, have any impact on the community-based schemes (such as play area improvements) that are already approved in the Council's capital programme, or other schemes that can be self-financed.

NEXT STEPS

34. If approved, a planning application based on the concept design will be submitted in the Autumn, with Ferneham Hall then closing for decommissioning and then remodelling works following the end of the pantomime run in January. The remodelled venue is then scheduled to reopen in Spring 2022.

CONCLUSION

35. Transforming Ferneham Hall into a new arts and entertainment venue with a community focus is a corporate priority for the Council. A concept design has been developed which meets both the design priorities outlined in the Council's vision for the new venue and the needs of the preferred operator. The total cost of the remodelling project is £12.35m.
36. Members are invited to approve the concept design and project cost as well as allocate project funding through a combination of current and future CIL receipts, supplemented by prudential borrowing.

Enquiries:

For further information on this report please contact Lindsey Ansell (Ext 4567)