

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 30 September 2021

Portfolio:	Leisure and Community
Subject:	Restarting of the Remodelling of Fareham Live Project
Report of:	Director of Leisure and Community
Corporate Priorities:	Leisure Opportunities for Health and Fun

Purpose: To provide an update on the Fareham Live project and seek approval for the re-starting of the scheme with a revised construction budget, amended performance programme to be reviewed, and updated contractual arrangements with appointed venue operator BH Live.

Executive summary:

The creation of a new arts and entertainment venue to replace the now closed Ferneham Hall is one of the priorities within the Council's Corporate Vision 2017-23, and is the first step towards the regeneration of Fareham Town Centre.

Overseen by the Member Working Group, a vision for the venue was developed and consulted upon during 2018 and then approved by the Executive on 03 December 2018.

Following a detailed procurement exercise, experienced leisure and entertainment operators BH Live were appointed as the preferred bidder by the Executive on 26 September 2019.

An initial budget cost of £12.35m for the remodelling works was agreed at the same meeting. This was to be funded through current and future new development Community Infrastructure Levy (CIL) receipts. The CIL reserve at the time was £4.7m and this amount was to be supplemented by short term borrowing of £7.65m.

The Council's CIL reserve balance earmarked for Fareham Live currently stands at £5.8m, an increase of £1m from the start of the project, meaning the remaining £12.675m project cost will require the Council to commit future CIL receipts of £6.875m to the project (taking into account the amount of £675,000 already spent). This is significantly lower than estimated when the project started, but based on development projections within the Borough, it will take 5 - 8 years to receive

sufficient CIL receipts to repay the borrowing.

At the conclusion of the Stage 4 design in late 2020, the design estimate was £12.57m. The increase was to accommodate adjustments to the design such as improvements to the external lighting scheme.

Ferneham Hall closed its doors for the last time in January 2020. The Planning Committee granted planning permission for the remodelling works a few months later on 13 May 2020. The name Fareham Live was approved by the Executive on 12 October 2020, following a public vote.

The unprecedented impact of COVID-19 during 2020 meant that all capital projects would need to be revisited and re-evaluated that year.

The decision to pause the project was agreed by the Executive on 02 November 2020. This would allow the implications of the pandemic to become clearer and for officers to hold detailed negotiations with BH Live regarding a sustainable model of operation.

An updated programme and set of key principles for the management of the venue are now presented for approval. The updated programme is a realistic reflection of the likely customer demand and producer output. The key principles place a greater level of economic risk on the Council, but also offer greater financial rewards when the venue is a success.

The cost of raw materials and building resources has grown rapidly in the last 10 months. This has resulted in the construction costs for the venue rising to £13.35m.

Options for changes to the design that would help reduce the overall budget are presented for consideration on the understanding that they will significantly impact the quality and, most likely, the operation of the venue.

An application for funding to support the project was recently made to the Government's Levelling Up Fund, which if successful could make a significant contribution to funding the project's costs, the results of which will be known by the end of the calendar year.

In order to meet the eligibility criteria for the scheme, the procurement of contractors for enabling works would need to begin immediately.

Overall, consideration needs to be given regarding whether to restart the project with an updated programme, amended contractual arrangements with BH Live and a revised budget.

If approved, construction would start in Spring/Summer 2022, with the anticipated launch by Fareham Live by the end of 2023.

Recommendation/Recommended Option:

It is recommended that the Executive:

- a) approves the recommencement of work on the Fareham Live project;
- b) approves the updated contractual principles and programme with BH Live;
- c) approves the updated budget of £13.35m for construction works; and
- d) considers the potential cost saving opportunities presented.

Reason:

To ensure that Fareham Live can proceed with a budget that reflects the increased construction costs, as well as a performance programme and contractual arrangements, with appointed venue operator BH Live, that accurately reflect the wider entertainment industry as it recovers from the impact of COVID-19.

Cost of proposals:

The updated capital budget for the works is £13.35m. There is potential to reduce the costs by making changes to the design, however, this will likely adversely impact the operation of the venue and the associated costs.

If successful, the application to the Levelling Up Fund, could contribute just over £10m to the cost of the project. This would greatly reduce the level of Community Infrastructure Levy (CIL) reserve and prudential borrowing required to fund the project.

Appendices: **Appendix A: Confidential – Restarting the remodelling for Fareham Live briefing paper**

Background papers:

Reference papers:

Report to the meeting of the Executive held on 29 September 2019 entitled Concept Design and Budget Costs for remodelling Ferneham Hall

Report to the meeting of the Executive held on 29 September 2019 entitled Award of Contract – Operator of Remodelled Ferneham Hall

Report too the meeting of the Executive held on 06 January 2020 entitled Remodelled Ferneham Hall Planning Application

Appendix 1 - Executive Report

Report to the meeting of the Executive held on 03 August 2020
entitled Covid-19 Community Recovery Plan

Report to the meeting of the Executive held on 07 September 2020
entitled Covid-19 Emergency Revised 2020/21 Budget and Financial
Recovery Plan

Report to the meeting of the Executive held on 02 November 2020 entitled
Covid-19 impact on new Arts and Entertainment Venue Project