

FAREHAM

BOROUGH COUNCIL

2021/22
Decision No.
2304

Record of Decision by Executive

Thursday, 30 September 2021

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| Portfolio | Leisure and Community |
| Subject: | Restarting the remodelling of the Fareham Live Project |
| Report of: | Director of Leisure and Community |
| Corporate Priority: | 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.

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 £6.875 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 202. 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 material 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.

Options Considered:

The comments of the Leisure and Community Scrutiny Panel were taken into account in considering this item.

As recommendation.

Decision:

RESOLVED that the Executive:

- (a) approves the recommencement of work on the Fareham Live project;
- (b) approves the updated contractual principles and programme with B H Live;
- (c) approves the updated budget of £13.35m for construction works; and
- (d) notes the potential cost saving opportunities presented and agrees to remain with the original vision.

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.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Thursday, 30 September 2021