Report to CABINET

Oldham Coliseum Theatre and Heritage Centre

Portfolio Holder(s): Cllr Jim McMahon, Economy and Enterprise/Cllr Jean Stretton, Health and Wellbeing / Cllr Barbara Brownridge, Neighbourhoods and Cooperatives

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Reason for Decision

The purpose of the report is to:

- Update Cabinet on the development of the project to date
- Widen the scope of the project to include buildings which will be vacated following completion of the heritage centre element, as well as other vacant and ‘at risk’ buildings on Union Street.
- To approve the phased delivery schedule of the expanded project.
- Obtain approval for submission of reprofiled funding applications to the Heritage Lottery Fund (HLF) and Arts Council England (ACE).
- Should external funding be secured, to obtain approval to delegate subsequent decisions relating to the acceptance of, and approval of any conditions attached to the acceptance of Heritage Lottery Fund (HLF) and Arts Council England (ACE) funding.
- Obtain approval to the expenditure of funds needed to progress the delivery of the project up to Investment Decision (Phases A and C) and feasibility studies (Phases B and D) within the relevant budget constraints and in accordance with the appropriate officer scheme of delegation.
• Endorse the appointment of Gilbert Ash as the preferred contractor and delegate any subsequent decisions relating to the appointment of Gilbert Ash and any preconstruction services and enabling works contracts that may be necessary.

• Update on latest governance model.

Executive Summary

The Oldham Coliseum Theatre and Heritage Centre (OCTHC) Project involves the relocation of the Coliseum theatre, museum, archives, local studies and stores to the currently vacant former Library and Art Gallery building on Union Street and the rationalization of off-site storage in to a new single storage facility. The former Library building is to be refurbished and redeveloped to accommodate new activities and visitor facilities along with access to the new theatre to be constructed on the adjoining Southgate Street car park.

The Council has reflected on the history of the Old Town Hall and other buildings of importance such as the Old Gallery and Lyceum which were vacated without a clear plan in place to secure their future. We are keen to ensure that in relocating services from the Old Post Office and the former Museum we have a clear plan in place for their reuse.

Beyond the immediate site the Council is also working to secure the long term future of the Lyceum building, half of which is now vacant and requiring investment.

In addition we also are seeking to ensure a comprehensive plan is in place to secure the future of heritage buildings in private ownership which have fallen into disrepair. These include the Principality Building and the former Masonic Hall. The expanded scope will also include buildings recently acquired by the Council with heritage value in this area including the former Conservative Club and the Old Bank at Mumps.

In addition to the Council’s expenditure to progress the design and procurement stage, the project was successful in receiving Round 1 Heritage Lottery Fund (HLF) and Stage 1 Arts Council England (ACE) funding. Second stage bids to secure delivery funding (construction) were made to the ACE in July 2014 and HLF in December 2014.

This report presents a summary of the progress to date and recommends the approvals required to progress the delivery of the OCTHC to Investment Decision. Key areas that are discussed are:

• An update on discussions with ACE and HLF. A phased approach to the project has been identified as the best way of meeting time constraints on funding, securing funding offers and resolving issues associated with the wider project. The new phased approach will see the Former Library and its environs developed as an arts & heritage centre (Phase A). This is achievable as a discrete and sustainable project in its own right whilst supporting the development of the wider OCTHC project. Subsequent phases include the commercial development of 84 Union St & Museum (Phase B), the new theatre facilities (Phase C) and other heritage assets along Union St (Phase D).
• **An offer of funding towards the project from a Charitable Trust.** Discussions have been held with the Charitable Trust which has proposed a donation towards the project in order to preserve a lasting legacy for the heritage element of the project. A letter of intent has been issued and Cabinet approval was received on 23 February 2015 to accept the funding. A detailed funding agreement is being finalised.

• **Approval to confirm the procurement of the main contractor for the project.** Following a detailed procurement exercise Gilbert Ash have been identified as the preferred contractor and their appointment is now requested.

• **Delegation of decision making required to ensure that the project remains on programme.** The report proposes that certain decisions such as the finalisation of funding agreements, pre-construction works and off-site storage are delegated to Members in consultation with senior officers to ensure that the project remains on programme.

• **Funds required to progress the project.** Following the grant of Stage/Round 1 funding from ACE and HLF up to the point that the Council makes its own Investment Decision in January 2017 for the Arts and Heritage Centre (Phase A) and May 2017 for the New Build Theatre (Phase C).

• **Project timeframe and time constraints/risks influencing the project.** Failure to secure Stage 2 capital funding from ACE means that the project is now delayed. In addition, the offer from the Charitable Trust has been made with the understanding that the arts & heritage centre can be constructed by the end of 2018.

**Recommendations**

As detailed in Part B of the report
Oldham Coliseum Theatre and Heritage Centre

1 Background

1.1 The Council first published its plans for a Cultural Quarter in 1996. Following the completion of Phase 1 Gallery Oldham in 2002 and Phase 2 Oldham Library & Lifelong Learning Centre in 2006, a feasibility study was undertaken to consider Phase 3, relocation of the museum, archives, local studies and stores to the vacant former Library and Art Gallery building on Union Street (see Appendix 1). At the same time the Coliseum Theatre Trust were exploring options to move to a new location due to the poor condition of the existing building and development constraints.

1.2 In 2011 the Council commissioned an Options Appraisal that considered new build, refurbishment, stand alone and a combined Coliseum Theatre and Heritage Centre options. The study concluded that substantial investment was required to improve the existing provisions and that significant opportunities existed for greater partnership working between Oldham Coliseum and the Arts and Heritage Service creating a more integrated approach to Oldham’s Cultural Offer.

1.3 In September 2013, the options were appraised against the Council’s Strategic Objectives and the development objectives of the Arts & Heritage Service and Oldham Coliseum. The combined Oldham Coliseum Theatre and Heritage Centre (OCTHC) project was found to be the best way of meeting the objectives of all parties as well as introducing new opportunities to widen and enhance Oldham’s Cultural Offer.

1.4 The proposed project contributes to all three objectives of the Corporate Plan:

- Objective 1: A productive place where business and enterprise thrive – the scheme forms part of the Council’s substantial investment in the regeneration of Oldham Town Centre and will substantially improve economic, social and other outcomes.

- Objective 2: Confident communities where everyone does their bit – the development of an inclusive Cultural Hub will contribute to, and promote, community cohesion and well-being, as well as offering a strong volunteering and training element, outreach and engagement programmes.

- Objective 3: A co-operative Council delivering good value services to support a co-operative borough – the proposed project and Cultural Hub will result in the creation of a high quality theatre, heritage and arts offer with a new governance structure maximizing resources and achieving operating efficiencies.
2 Current Position

HLF/ACE Funding

2.1 A HLF Round 2 funding application and a bespoke ACE funding application is now proposed to be submitted based on the following phased approach:

- Phase A - Former Library and its environs and its development as an arts & heritage centre. This is achievable as a discrete and sustainable project in its own right whilst supporting the development of the wider OCTHC project, based on the current funding profile. This will form the basis of the HLF Round 2 funding application.

- Phase B - The second phase will focus on the commercial development of three other cultural assets including 84 Union Street and the museum, which will have been vacated during the delivery of Phase A.

- Phase C - The third phase will deliver the new theatre facilities on site in line with the original OCTHC proposal. This will form the basis of the ACE solicited bespoke funding application.

- Phase D - The fourth phase will look at the wider Heritage assets along Union Street.

Following Phase A, the funding phases might change or overlap as funding opportunities become clearer / available.

2.2 It is proposed to supply the information requested by ACE, as the phasing outlined in section 2.1, with a view to submitting our information to ACE for the solicited bespoke funding approach in November 2015 resulting in a decision by the March 2016 deadline.

2.3 We are required to submit the HLF Round 2 application in December 2015, resulting in a decision in March 2016 subject to agreement from HLF on this phased approach.

2.4 In relation to the Arts and Heritage Centre (Phase A) and the New Build Theatre (Phase C), the Applications for Planning and Listed Building Consent were approved at Committee on 11 March 2015.

2.5 External storage is proposed in industrial units or other appropriate accommodation. This will be progressed through a further review of the Council’s portfolio. We are anticipating that certain fit out costs will be included in the HLF application.

Funding Donation

2.6 A funding donation offer has been received from a Charitable Trust. In order to secure the funding there is a need to progress the necessary documentation with
the Charitable Trust who has indicated that funds must be committed at the earliest opportunity. The intention is that works must be completed in 2018.

Contractor Procurement: Process to date

2.7 The Contractor has been selected via a two stage restricted procurement process, governed by an amended JCT 2011 Design and Build contract with Contractors Design, that aligns with Oldham CPRs, and the EU Regulations and to meet ACE and HLF funding conditions.

2.8 Gilbert Ash was identified as the preferred bidder in January 2015 based on the tender criteria which includes a sound commercial proposal and are committed to delivering significant additional social values throughout the lifetime of the project.

Delegation of Decision making

2.9 Delegation of decision making is required to ensure that the project remains on programme. The report proposes that certain decisions such as the acceptance of the funding agreements, finalisation of funding agreements, pre-construction works and off-site storage are delegated as proposed in the recommendations to ensure that the project remains on programme. This should maintain the programme and therefore reduce the cost of delays.

Funds required to progress the project

2.10 From the award of Stage/Round 1 funding from ACE and HLF up to the point that the Council makes its own Investment Decision in January 2017 for Phase A and May 2017 for Phase C, discussed in Part B of this report would need to be expended in relation to the Arts and Heritage Centre (Phase A) and the New Build Theatre (Phase C).

Project time constraints influencing the project.

2.11.1 ACE did not agree the Stage 2 capital funding application in March 2015 which means that the project is now delayed and this delay is likely to increase the anticipated development costs.

2.11.2 The offer from a Charitable Trust has been made with the understanding that the Arts & Heritage Centre can be constructed by the end of 2018. Whether the Council can meet this time constraint is now an issue due to the delay in obtaining the Arts Council funding decision.

Governance

2.12 Project Board and Shadow Board have commissioned an updated report on governance.
3 Options/Alternatives

3.1 Option 1 - To proceed with Phase A and Phase C by approving the recommendations – this will ensure the project remains on programme and this would allow development of the Former Library Building by the end of 2018 and provide the Coliseum Theatre with new facilities.

3.2 Option 2 - Not to approve the recommendations – by not approving the recommendations, the alternative option would be to cease the project. This would therefore mean that the aims, objectives and critical successful factors would not be achieved.

4 Preferred Option

4.1 The preferred option is for Cabinet to approve the recommendations as outlined above, namely

- To submit revised funding applications to HLF and ACE,
- To finalise the funding agreement with the Charitable Trust,
- To appoint Gilbert Ash as preferred contractor,
- To delegate decision-making as outlined in section 2.9,
- To approve expenditure discussed in Part B of this report.

Subject to the successful outcome of bids to ACE and HLF, this would allow development of the Former Library Building as an Arts and Heritage Centre, facilitate the development of 84 Union Street and the museum, provide the Coliseum Theatre with new facilities and consider the wider Heritage assets along Union Street. The project is an important part of the Town Centre Regeneration strategy and completion of the project would further define the cultural quarter of the Town Centre. Progress and subsequent completion of the project will allow the aims, benefits and critical success factors to be realised.

5 Consultation

5.1 A programme of consultation was carried out as part of the original design and project development and informed the development of both the first and second Round / Stage funding applications to HLF and ACE. Consultation has been undertaken with a range of stakeholder groups, which include:

- English Heritage
- Coliseum Users
- Gallery Oldham users – including visitors, teachers, outreach groups.
- Oldham Council conservation and planning officers
- OCT board and users
- General public

5.2 Consultation with relevant groups and stakeholders will continue to form an important element of the project as it progresses.
6 Financial Implications

6.1 As detailed in Part B of the report

7 Legal Services Comments

7.1 The Council has a power of general competence detailed in Section 1 of the Localism Act 2011. This is subject to not being enabled to do anything prevented by a prohibition, restriction or limitation by other laws. The proposals to enter into the arrangements specified in this report would require the use of the general competence power. This power is widely drafted in legislation and the economic regeneration and stimulus arising from the proposals give scope for the use of the power. However, the power has still to be exercised reasonably and in a public law context of taking into account all relevant matters, disregarding irrelevant matters, acting in good faith and not acting in such a way that no reasonable local authority would act. Detailed legal comments are contained in the Part B Report.

8 Co-operative Agenda

8.1 During the implementation phase many of the social value elements directly applicable to the Oldham area will be delivered by the Main Contractor. Tenders for the construction contract have been evaluated against a range of criteria, including their contribution to social value. The successful bidder has presented the most economically advantageous tender and is committed to delivering significant additional social values throughout the lifetime of the project.

8.2 The vision for the wider project will include joint working which will cover education and outreach activities and the development of a unique cultural volunteering and training offer which will contribute to the Council’s strategic and service priorities and outcomes around arts, culture and social cohesion. This centre will also create a number of new jobs in the operational phase.

8.3 The development of a cultural hub in which a number of services and facilities are brought together is an excellent example of the co-operative agenda in action.

8.4 A unique cultural offer will support individual and community development with opportunities for volunteering and skills development for all ages and sections of the community. In addition to programmes offered from the centre there will be a strong outreach and inclusion programme ensuring that the wider benefits are felt across the borough supporting community cohesion and well-being.

9 Human Resources Comments

9.1 The implications from a Human Resources perspective are still being investigated as part of the business planning process and will be reported to Cabinet at the time that Investment Decision approval is sought.
10  **Risk Assessments**

10.1 A project risk register which encompasses both the Design & Build and Business & Operational risks is maintained and reviewed at all project levels on a regular basis in relation to Phase A (Arts and Heritage Centre) and Phase C (New Build Theatre). Risk registers for Phase B (84 Union Street & Museum) and Phase D (wider Heritage assets along Union Street) will be generated following Cabinet approval of the recommendations in this report.

10.2 As detailed in the Financial, Legal and Procurement sections there are a number of potential risks to manage on this project if this report is agreed by Cabinet  

(Mark Stenson)

11  **IT Implications**

11.1 There are no specific IT implications that arise as part of this report. An IT consultant has been appointed and will consider the IT implications in detail during the next stage of the project and the detailed implications will be explained in the report that is presented to Cabinet at Investment Decision.

12  **Property Implications**

12.1 It is noted that off-site storage potential will be explored via wider asset review. Previous searches within the Council’s portfolio have identified industrial units as being the only suitable.

12.2 Use of such premises for storage purposes will reduce the accommodation available for occupation by new and existing businesses within the borough. In addition, current and future income from commercial lettings will be lost, creating an additional budget pressure on the corporate investment estate budget.

12.3 It is assumed that the entity with responsibility for the heritage centre will also take a lease of the storage premises, including taking all financial liabilities.

12.4 Potential to identify sustainable futures for the remaining heritage assets in Council ownership in this part of the town centre would greatly assist the corporate estate.  

(Cath Conroy)

13  **Procurement Implications**

13.1 An OJEU compliant procurement has been undertaken in respect of Phase A (Arts and Heritage Centre) and Phase C (New Build Theatre). A subsequent Contract Award Notice in OJEU would require publishing. In addition Section 84 of the Public Contracts Regulations 2015 require contracting authorities to provide a written report. This should include the results of the qualitative selection of the procurement.
14 Environmental and Health & Safety Implications

14.1 The appointment of the appropriate design team and contractor will ensure that all environmental health and safety issues are addressed.

15 Equality, community cohesion and crime implications

15.1 The proposed development of the Cultural Hub will contribute to the Council’s aims of creating spaces and buildings that promote inclusion and community cohesion. The design of the building will ensure that all physical and sensory equality issues are addressed. The building will be designed to ensure Secure by Design principles are incorporated and the Greater Manchester Police Architectural Liaison team have been consulted. Social inclusion and customer focus are key strands for both AHS and OCT and will form the cornerstone of the new cultural offer.

16 Equality Impact Assessment Completed?

16.1 No

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 ECEN-13-15

19 Background Papers

19.1 None

20 Appendices

20.1 Appendix 1 – Plan