

## TORBAY COUNCIL

Report No: **Env/117/03**

Title: **Palace Theatre Refurbishment**

To: Executive Council on 14<sup>th</sup> October 2003  
16th October 2003

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### 1. **Purpose**

- 1.1 To update Members on the current position in relation to the Palace Theatre proposals and the work of the Heritage Working Party.

### 2. **Relationship to Corporate Priorities**

- 2.1 Creating opportunities for jobs and improving how we work.  
Protecting and enhancing Torbay's Environment  
Learning for Life.

### 3. **Recommendation**

- 3.1 That the Chairman of the Heritage Working Party further advises the Executive/Council at its meeting(s) following his discussions with the Heritage Lottery Fund adviser on the 9<sup>th</sup> October.
- 3.2 That subject to the above and a future report providing greater detail, particularly in relation to finance, that the Council express support for the project as outlined in paragraph 5.2 and 5.3 below with a view to submitting the bids for external funding identified in paragraph 5.4 in November 2003.

### 4. **Reason for Recommendation**

- 4.1 To make urgent progress in the submission of Heritage Lottery Fund and Arts Council bids for the reasons set out in paragraph 5.15 of this report.

### 5. **Background**

- 5.1 Attached as Appendix 1 is the report about the Palace Theatre to the Heritage Working Party on the 17<sup>th</sup> September (figures in 5.9 of that report *now amended* to correct initial drafting error).
- 5.2 Members were advised at the meeting that further work had been done in relation to costs which had shown that the scheme as originally drawn was considered to be unrealistically expensive. It was important, however, in considering any revisions to ensure that the residual development was viable and would meet the needs of our potential funding partners.

The scheme was therefore revised and presented to the Heritage Working Party to represent what in the officers' opinion was the least expensive proposal which was potentially affordable taking into account the Council's financial position and the likelihood of obtaining external funding.

Plans showing the basement and ground floor proposals of this scheme are presented at Appendix 2 (larger plans will be displayed at the meeting).

5.3 Breakdown of costs for proposed scheme.

	<b>£000</b>
Internal and external works to Theatre	1340
Addition for 12% preliminaries, 10% contingencies and 12% Professional Fees	511
Fixtures, fittings and equipment for Theatre	90
<b>Sub Total</b>	<b>1941</b>
Update to costs to present day	153
<b>Total scheme costs at point of tender (October to December 2004)</b>	<b>2094</b>
Allowance for inflation	67
<b>Total scheme costs at mid-point of build (July to September 2005)</b>	<b>2161</b>
Multi-purpose hall (Black Box) costs at July to September 2005	440
<b>Total Project Costs at mid-point of build (July to September 2005)</b>	<b>2601</b>

5.4 Potential funding sources were identified as follows:

	<b>£000</b>
Heritage Content of Building (HLF)	1500
Heritage Content of Building (HERS)	80
Private Contributions (fundraising led by Friends of Palace Theatre)	75
Arts Content of Building (Arts Council)	200
Council's Approved Capital Budget (for General works to comply with DDA and theatre upgrade)	750
<b>Total</b>	<b>2605</b>

Other Options

- 5.5 Less expensive schemes were considered. For example, in order to limit the potential Heritage Lottery Fund funding to a £1 million ceiling it would be necessary to delete the work to create a supplementary arts and performance space in the Badminton Hall (The so-called black box) and to delete/modify the new rotunda public entrance.
- 5.6 The Arts and Theatres Manager advised, however, that in his view the business plan for the theatre which was aimed at securing a long term viable and vibrant facility would be severely prejudiced if the entrance was modified and the 'black box' deleted.
- 5.7 From the architectural and heritage enhancement point of view much would be lost by the deletion of the entrance.
- 5.8 Having debated the issues, the Heritage Working Party rejected this idea because it would have profound adverse effect on the future viability of the building and severely impact the arts and heritage dividends looked for by our potential funding partners.

- 5.9 Members had also asked for an assessment of what might be described as a base position which overcame the problems of compliance with the Disability Discrimination Act and improved the facility to a minimal level which would enable the theatre to remain open.

A scheme was prepared in sketch form and costed at £950,000 (£200,000 more than the Council has so far allocated to the project). The works which could be afforded at this price, however, did not result in the delivery of a theatre which had any real prospect of improvement in cultural or heritage terms. It would not be viable and would not meet the criteria for help from potential funding partners. On this basis, if the preferred scheme cannot be delivered the future of the Palace as a theatre would need serious reconsideration by the Council.

- 5.10 The Friends of the Palace Theatre were very enthusiastic about maintaining the full content of the scheme and were prepared to commit to raising the £75,000 referred to.
- 5.11 It was noted that the Heritage Lottery Fund had recently amended their approach in that the previous £1 million ceiling for locally determined schemes had been extended to £2 million.
- 5.12 Subject to the further advice of the Heritage Lottery Fund it was decided therefore that the bid should go forward to them for £1.5 million thus making the scheme affordable and achievable. It was appreciated that such a bid would need to demonstrate:-
- i) that the 1.5 million price tag exclusively related to 'heritage' as opposed to 'arts' or any other type of benefit to the building;
  - ii) that £1.5 million could be justified in relation to the heritage dividends or outputs which the investment could be shown to generate.
- 5.13 It was determined, therefore, that before finalising the bid and finishing off the very extensive work already done on the supporting documents it would be prudent to meet a Heritage Lottery Fund representative for further advice.
- 5.14 A meeting was subsequently arranged for the 9<sup>th</sup> October at 3.30 pm at Palace Theatre to be attended by Councillor Charlwood, Councillor Cope, representatives of the Palace Theatre and supported by Les Crump and Alan Davis.

#### Programme

- 5.15 There is an urgent need to finalise the Palace Theatre bid for four principal reasons:
- 1) The threat of closure of the theatre because of non-compliance with the Disability Discrimination Act.
  - 2) The need to commit the £80,000 pledged by English Heritage before the end of this financial year. Delay could result in the loss of this money and also the loss of credibility with English Heritage because the Council was unable to spend the money it had been allocated in a challenge funding situation.
  - 3) The Palace Theatre currently fails to delivery the quality arts and heritage product that Paignton deserves. It urgently needs restoration. Further delay will only make matters worse. Furthermore building costs increasing at 5% per annum radically alter the costings and can soon put the scheme out of reach.
  - 4) There is significant public expectation that the Council will at last deliver this

scheme following the public consultation earlier this year and the publicity received.

- 5.16 Subject to the outcome of the meeting with the Heritage Lottery Fund on the 9<sup>th</sup> October Members are requested to give approval in principle to the project as it is now defined and to authorise the completion of the supporting documents needed to finalise the bid submissions to the external funders.
- 5.17 Prior to final submission of bids the project will be further discussed between the Managing Director and the Heritage Lottery Fund in the context of the Council's overall heritage priorities.
- 5.18 It will also be necessary to submit a final report to the Heritage Working Party and the Executive/Council providing final details of the proposed development and Business Plan for the future; detailed capital and revenue implications; options appraisal and proposals for risk management.
- 5.19 On this basis it is anticipated that the bids could go forward in mid-November taking approximately six months to determine. If the outcome is favourable, this would allow works to commence within the timeframe identified in relation to the costings and would secure the £80,000 from English Heritage.

**6. Alternative Options (if any)**

- 6.1 To delay or withdraw the bid but this would have severe impact on the prospects of the retention of the building as a working theatre.

**Michael Yeo**  
**Director of Environment Services**

Contact Officer: Les Crump  
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## IMPLICATIONS, CONSULTATION AND OTHER INFORMATION

### Part 1

These sections may be completed by the Report author but must be agreed by named officers in the Legal, Finance, Human Resources and Property Divisions. If these are not completed and agreed the Report will not be included on the agenda.

Does the proposal have implications for the following issues?

Insert name of responsible officer

Legal (including Human Rights)	The Palace Theatre will need to comply with the Disability Discrimination Act.	Bill Norman
Financial – Revenue	Revenue implications will be detailed when the Business Plan has been finalised.	Richard Thorpe
Financial – Capital Plan	The Council's contribution of £750,000 has been approved in the Capital Plan budget. Implications arising from the development of the Risk Assessment will need to be noted.	Lynette Royce
Human resources (including equal opportunities)	There are potential redundancy costs if the theatre is closed for refurbishment and the Council is unable to temporarily re-deploy staff elsewhere.	Geoff Williams
Property	Yes as referred in the report	Sam Partridge

### Part 2

These sections must be completed by the author of the Report.

Does the proposal have implications for the following issues?		
Please give details as appropriate		
Sustainability	Yes	A refurbished theatre will have significant benefits to sustainability
Crime and Disorder	No	
*OfSTED Post Inspection Action Plan	No	
*Social Services Action Plan	No	
*Change Management Plan	Yes	Demonstrates the benefit of partnership working

\* not applicable to reports to Licensing and Development Control Committees

### Part 3

These sections must be completed by the author of the Report.

Does the proposal have implications for the following Directorates? If so, please inform the relevant Director.		
Please give details as appropriate		
Chief Executive/Corporate Services	Yes	Financial implications as set out above
Education Services	Yes	Cultural benefits from new theatre
Environment Services	Yes	As set out in report
Social Services	No	
Strategic Services	Yes	Arts and Theatres Manager closely involved in project

Part 4

Is the proposal contrary to or does it propose amendment to the Policy Framework or contrary to (or not wholly in accordance with) the Council's budget?	Yes      ✓      Fill in Box 1	No      Fill in Box 2
1.      Details of the nature and extent of consultation with stakeholders and relevant select committees.  Report follows reports to Heritage Working Party also attended by local community representatives.		
2.      Details and outcome of consultation, as appropriate.  Positive support for chosen option as identified in the report.		

Part 5

Is the proposal a Key Decision in relation to an Executive function?	Yes      ✓	Reference Number X52/2003	No
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Part 6

**Wards**

**Appendices**

Appendix 1      Report to Heritage Working Party 17<sup>th</sup> September.  
Appendix 2      Plans of project.

**Documents available in Members' Room**

**Background Papers:**

The following documents/files were used to compile this report:

Reports to Heritage Working Party and Business Development.

## TORBAY COUNCIL

Report No:

Title: **Palace Theatre Project**

To: Heritage Working Party on 17th September 2003

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**1. Purpose**

- 1.1 To appraise Members of the prospective changes to the fabric of the building, how it will operate and the funding package needed to deliver these changes.

**2. Relationship to Corporate Priorities**

- 2.1 Protecting and Enhancing Torbay's Environment.

**3. Recommendation**

- 3.1 That the Heritage Working Party recommend to the Council that the project as described be submitted to the relevant funding agencies as a matter of priority.

**4. Reason for Recommendation**

- 4.1 To progress the essential refurbishment of the Palace Theatre.

**5. Background**

- 5.1 About 2 years ago the Council was informed that its bid to the Arts Council for England for a £2.8 million redevelopment scheme to provide a new theatre in the existing shell had been unsuccessful. Subsequent enquiries to the Arts Council about the prospects of a revised scheme indicated very little likelihood of success. In a challenge funding climate no matter how the scheme was amended it was not likely to deliver sufficient returns to meet the Arts Council's requirements. An alternative approach was required.
- 5.2 The Palace Theatre's future had, however, been identified as being of fundamental importance to the Heritage Economic Regeneration Scheme (HERS) for Paignton. As a result £80,000 was secured from English Heritage which was seen as seed funding for complete restoration with a view to a substantial bid to the Heritage Lottery Fund. This money does however have to be committed in the 2003/4 financial year or it will be lost.
- 5.3 In addition the Council earmarked £550,000 in its capital programme towards the scheme. It had already secured £200,000 from the sale of the Festival Theatre which was reserved for the refurbishment of the Palace Theatre.
- 5.4 The need for fundamental change in the way the theatre is operated was therefore recognised some time ago. The building itself needed substantial expenditure to keep it wind and watertight, its facilities were outmoded and substandard to meet modern use and importantly it did not comply with the requirements of the Disabilities Discrimination Act, which could threaten its future use. The current usage requires substantial sums of support from the

Council's annual revenue budget but importantly this money just keeps the building in use without addressing the fundamental problems identified above.

- 5.5 Meetings were therefore convened with officers from the new Exeter Area Office of the HLF to discuss the prospects of a bid to them for substantial funding. Their original feedback was supportive that the bid should be developed although obviously in a challenge funding situation no commitment could be made.
- 5.6 In consequence an officer team was set up to progress the project reporting to a steering group comprising senior Members of the former administration, representatives of local traders and the Friends of Palace Theatre and Council officers. Minutes of the meetings of this group will be circulated. A firm of consultants was appointed to assist in the preparation of the HLF bid, public consultation on the content of the scheme took place and draft documents were prepared such as a Business Plan, Audience Development Plan, Conservation Plan and Access Plan, all as required by the HLF to support a bid of this magnitude. In working up these documents to comply with HLF advice great emphasis was put on the heritage benefits of the scheme which had implications on the changes proposed and their cost.
- 5.7 It was originally hoped that the bid would be submitted prior to the elections in May, but work was not sufficiently advanced to achieve this. In any event the HLF wrote soon after making it clear that until the Torre Abbey HLF Stage II bid had been submitted they would not be in a position to consider additional bids. They also required the Council to give clarity to its heritage agenda with the preparation of a "Heritage Strategy".
- 5.8 In the interim, in anticipation of making the bid this autumn further detailed costings were prepared for the works. It transpired that once appropriate contingencies and professional fees etc. were included the scheme was seriously over the original budget of £1.68 million.
- 5.9 The scheme has therefore been amended so as to be less expensive and has been risk assessed to take into account the likelihood of achieving the necessary external funding.

		<u>Funding Source</u>	<u>Risk</u>	<u>Comment</u>
Works to Palace Avenue Gardens	£100,000	Government Living Spaces Initiative	Medium	Can happen independently
Works to improve the heritage content of the building	£1,080,000	HLF  English Heritage	Medium	HLF bid of £1 million plus £80,000 from English Heritage Secured but must be spent in 2003/4 financial year
Works to improve the Arts content of the building	£200,000	Art Council for England	Medium	Improve seating and works to 'black box' - works spread over 2 years
General works to comply with DDA and upgrade building fabric	£550,000	£550,000 from Council Capital Budget	Secure	
	£200,000	Reserved from the sale of the Festival Theatre	Secure	
	£2.13 million			

A PowerPoint presentation will explain the latest proposals.

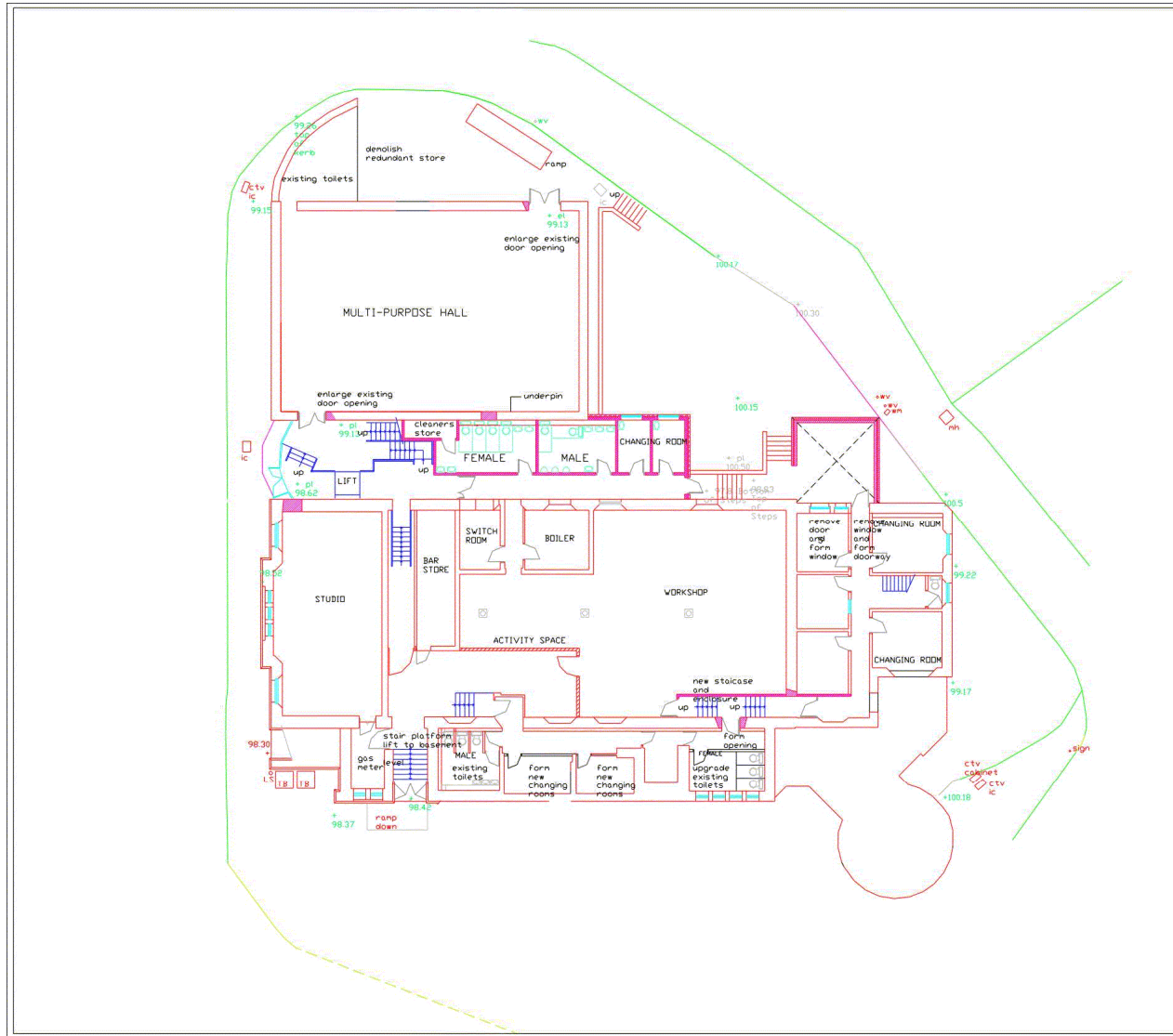



- 5.10 Members have also requested that a scheme be prepared to illustrate the Council's fallback position in the event that the £1 million HLF bid is not successful. Such a scheme has been prepared in sketch form. The fundamental driver was to comply with the Disability Discrimination Act thus enabling the theatre to remain open. The available budget was set at £750,000 to achieve this (money from capital plan and reserve £200,000). It transpired, however, that such a scheme would, for example, have not changed the seating arrangements in the auditorium, not created an acceptable ticketing and entrance facility, not expanded the bar and not included the badminton hall as a 'black box' theatre facility. The impact of these deletions would be to technically leave the theatre open, but not as a facility which had any proper future viability. Furthermore, it would not provide any of the heritage, artistic and theatrical benefits or the benefits to the economy of the locality which the original scheme would have produced. It is not therefore seen as an effective fallback position. In the event of not achieving support from the HLF the Council will therefore have to give careful consideration to the future of the building.

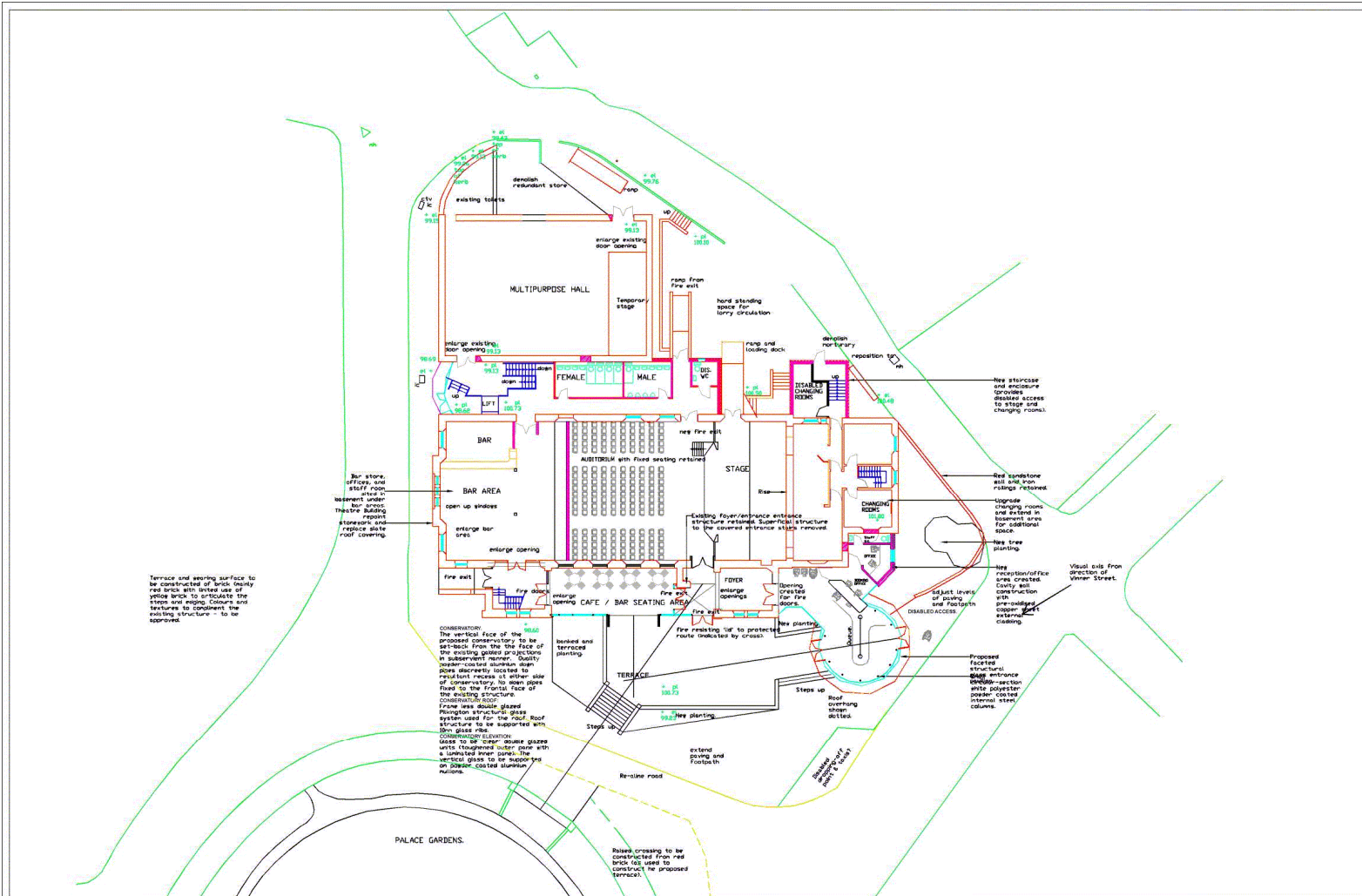
**Michael Yeo**  
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APPENDIX 2(I)



NOTES		
no.	details	
NOTES		
No.	date	
Revisions		
DIRECTOR OF ENVIRONMENT SERVICES : PAUL LUCAS		
		
HEAD OF TECHNICAL & PROPERTY SERVICES : MICHAEL YEO ROBEUK HOUSE, ABBEY RD., TORQUAY, TQ2 5TF. TEL: 01803 631211 FAX: 01803 209624		
PROPOSED UPGRADING OF PALACE THEATRE PALACE AVENUE PAIGNTON		
PROPOSED BASEMENT PLAN FOR SUBMISSION PURPOSES		
drawn	SC/JS	SCALE
date	SEPT 03	1:100
JOB No.	DRAWING No. Revision	
3468	27	



No.	date	details	No.	date	details	DRWN	SC/JS	SCALE 1:100
Revisions			NOTES			DATE	SEPT 03	
		PROPOSED UPGRADING OF PALACE THEATRE PALACE AVENUE PAIGOTON			SECTOR OF ENVIRONMENT SERVICES - PAUL LEWIS			
		PROPOSED GROUND FLOOR PLAN FOR SUBMISSION PURPOSES			<b>TORBAY</b> HEAD OF TECHNICAL & PROPERTY SERVICES - DENNIS WED SCIENCE BUILDING, ABBEY ROAD, TORBAY, DEVON, UK Tel: 01323 330001 Fax: 01323 330054	Job No.	3468	Drawing No. 26