

Title of meeting:	Culture Leisure and Sport Decision
Date of meeting:	19 July 2013
Subject:	Kings Theatre Corporate Resource allocation
Report by:	Head of City Development and Cultural Services
Wards affected:	Central Southsea
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1 This report seeks to request the release of funds granted to Kings Theatre at the Full Council Meeting in February 2013. This has been awarded to the Kings Theatre for the Phase 1 implementation of the 'Big Project' which aims to benefit the city by significantly improving the Kings Theatre's capacity to facilitate commercial, educational and heritage services.

2. Recommendations

- 2.1 **It is recommended that the £200,000 Corporate Resource Allocation is authorised for release for three main elements of the Phase 1 of the Big Project.**
- 2.2 **That the Head of Service be authorised to complete further due diligence on each of the three elements of Phase 1 with the Kings Theatre Trust (KTT) prior to payment of the funds as clarification is achieved on the stages outlined in the 'Big Project' business case. These staged payments and the conditions attached will be set out in a detailed grant agreement with the KTT. This may include a requirement that a first legal charge is placed on the title to 26 Albert Road and /or charges on the theatre leasehold interest. Once satisfactory due diligence has been completed and consultation has taken place with the Portfolio holder and S151 officer funds will be released to the KTT.**

3. Background

- 3.1 The Kings Theatre is one of the few surviving theatres designed by Frank Matcham which has been largely unaltered. Whilst a significant amount of

restoration work has been carried out by the KTT over the last decade it has now reached a point where it needs to make improvements to support a modern audience's expectations of theatre attending alongside the growing education and heritage programme.

- 3.2 In April 2011 Portsmouth City Council granted £25,000 to the KTT for an initial feasibility study and initial planning work towards these changes which are being called the 'Big Project'. The study for the front of house areas was conducted by Tim Ronalds Architects, specialist theatre architects and the technical survey for the backstage facilities was undertaken by Carr and Angier Ltd. (several images from the plans are included in Appendix A)
- 3.3 These initial works enabled the KTT to identify their next steps and to present a case to Members seeking to secure further funding to contribute to Phase 1 of the Big Project. This resulted in Members agreeing to an allocation of £200,000 from the Corporate Resource allocation being awarded to the KTT at the Full Council Meeting in February 2013.
- 3.4 The full cost estimate of the 'Big Project' as advised by the initial feasibility study, including all property acquisition, fees and contingencies is estimated at £6,000,000 to deliver all aspects of the Big Project. The next stages of the project see the development of a fundraising strategy which will aim to secure the funds for the core elements of the project for which they hope to use the services of a professional fundraiser.
- 3.5 In acknowledging the strategic significance of the overall Big Project the KTT are currently recruiting a new Board member to govern and monitor the project throughout. They recognise that specialist skills are needed to deliver the outcomes expected by the project and are recruiting appropriately.

4. Phase 1 Elements Information

- 4.1 Element 1: Number 28 Albert Road: The KTT owns this shop and funds from the allocation will help change the unit into an activity and volunteer centre. This change will enable the KTT to develop a unique educational and community resource which will have good public access due to its level 'on street' access. With space for training, workshops, galleries and exhibitions; No. 28 is at the heart of the 'Big Project's' aim for community and educational involvement.
- 4.2 Currently, No. 28 is in a poor state of repair. Refurbishment is to be undertaken at minimum cost, indeed, much work has already begun using volunteer effort. The refurbishment budget is set at £40,000 and the work is intended to be undertaken during the summer of 2013. The KTT is identifying that £30,000 of the allocation is for this element of the project which will be matched by a further £10,000 contribution from the KTT.

- 4.3 Element 2: Number 26 Albert Road: Currently a sweet shop, this is privately owned by a resident who lives in a flat above the unit. The owner has verbally agreed to an arrangement with the KTT for his shop to be purchased by KTT at the point he wishes to stop trading and living in the property.
- 4.4 The KTT was able to purchase No. 28 directly with their reserves and a favourably negotiated mortgage. However KTT have not yet been able to grow and replenish their reserves sufficiently to give them confidence that they would be able to react in what they feel will need to be a timely manner at the point the resident decides to stop trading and living in the property. The trust will be seeking to use £140,000 of the corporate resource allocation for this element of the project.
- 4.5 Element 3: Detailed Business Plan: To ensure that the 'Big Project' remains fully viable in light of the current pressures on resources and that KTT have the best possible chance to secure the additional funding to implement the full 'Big Project', a more detailed and sustainable business plan needs to be worked up from the initial feasibility study which has been completed.
- 4.6 This Business Plan will give a much more accurate forecast of the current project and will enable the Board to support the full delivery of the project up to RIBA Stage B which is an essential part of many of the potential funding routes the KTT may take. The intention will be for the KTT to issue an invitation to tender for this work to ensure that they secure the most appropriate skills to deliver the requisite level of detail for a complex building project within a heritage context.

The KTT would use £30,000 of the corporate resource allocation for this element of the project which will be matched by a further £10,000 contribution from the KTT.

5. Reasons for recommendations

- 5.1 The successful implementation of this project, which relies on the release of this grant, is vital for the secure and sustainable future of Kings Theatre. The theatre will be able to provide a high quality and modern service whilst maintaining a beautiful heritage setting.
- 5.2 There will be a greater capacity to deliver a wider range of services that will engage a wider audience and provide more opportunities to the people of our city and the wider region. This will bring significant commercial, regeneration, employment, education and heritage benefits.
- 5.3 By being able to accommodate large scale touring companies, something that the theatre is not currently able to do, the theatre will maximise its economic potential. The economic benefits will cascade from the theatre to the local community and cultural sectors to encourage city regeneration.

6. Equality impact assessment (EIA)

As this proposal is not a change of policy and EIA is not considered necessary.

7. Legal Implications

Portsmouth City Council is the freeholder of the Theatre, with the trust currently occupying on a lease, with a remaining term of 30 years.

Given that the Council is contributing to the cost of acquiring 26 Albert Road, the Council may require, as a term of the grant agreement by which the monies can be paid over, that a first-legal charge is placed on the title to 26 Albert Road: while the Council may seek charges on the theatre leasehold interest, or the title to 28 Albert Road (which KTT already own) the realisable value of the lease may be low, and there is already a mortgagee first charge on 28 Albert Road.

8. Head of Finance's comments

- 8.1 In February 2013 PCC allocated £200,000 as a Corporate Grant to support the KTT by contributing the Phase 1 of the Big Project as set out in the main body of the report.
- 8.2 This report seeks approval to release this grant pending further due diligence to be carried out by the Head of Service and compliance with the grant agreement. This may include a clause requiring that a first legal charge is placed on the title to 26 Albert Road or charges are placed on the theatre's leasehold interest.
- 8.3 This due diligence will be carried out to ensure that the use of the PCC grant will be expended as per the business case presented by the KTT to the members. Members approved the grant on the basis of this profile of expenditure and therefore it is necessary to ensure that the grant is used for the purposes that it was approved.
- 8.4 Once due diligence has been carried out and the Head of Service is satisfied that the expenditure is being incurred for the approved purposes, and indeed as per the grant conditions then pending consultation with the Portfolio holder and the S151 Officer the staged payments will be released to the KTT.

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Signed by:
Stephen Baily
Head of City Development & Cultural Services

Appendices:

Appendix A: Two Images provided by the Kings Theatre from their Front of House Development report by Tim Ronalds Architects

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of Document	Location
Members Information Service 18 th March 2011	http://www.portsmouth.gov.uk/media/MIS1111.pdf
Cabinet report of Capital Programme 2012/13 to 2017/18	http://www.portsmouth.gov.uk/yourcouncil/28703.html

The recommendation(s) set out above were approved/ approved as amended / deferred/ rejected by Cabinet Member for Culture, Leisure and Sport on 19 July 2013

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Signed by: Cabinet Member for Culture, Leisure and Sport



Kings Theatre Corporate Resource allocation
Appendix A

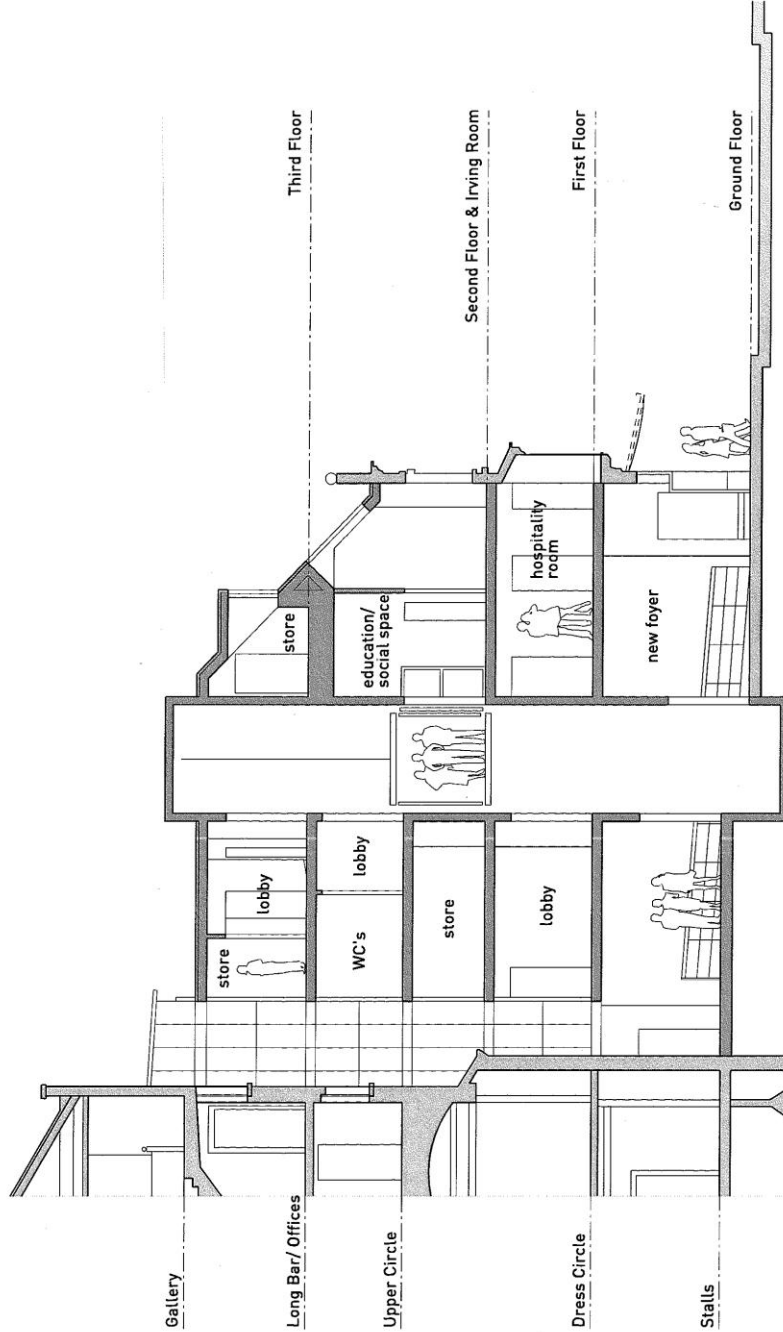
Photographs

Albert Road View



The Kings Theatre Southsea - Facematchy Cindy Dejeu - Tim Demasde Architecture 7

As Proposed long section BB (through lift)



21.02.11 Feasibility Study Report
 Rev. Date Submitted
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 The Kings Theatre Southsea

Plans as Proposed
 long section BB (through lift)
 Scale (in A3)
 1:100
 Drawn: KK
 Checked: TR

KTS 008