

RECORD OF EXECUTIVE DECISION

Monday, 13 February 2012

Decision No: (CAB 11/12 7770)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	RESOURCES, LEISURE AND CULTURE
SUBJECT:	GUILDHALL CONTRACT EXTENSION
AUTHOR:	Nigel Greene

THE DECISION

- (i) To approve an extension of the existing Southampton Guildhall management contract with Live Nation (Music) UK Limited for an immediate 5 years from February 2013 to February 2018 and a joint commitment to extend for a further 5 years from February 2018 to February 2023 subject to the building fabric being of sufficient standard to provide the contract areas as fit for purpose.
- (ii) To delegate authority to the Head of Legal, HR and Democratic Services to do anything necessary to give effect to this decision
- (iii) To delegate authority to the Head of Legal, HR and Democratic Services after consultation with the Director of Economic Development and the Cabinet Member for Resources, Leisure and Culture, to amend or vary the contract and, if necessary, extend the contract for the remaining 5 year term to the maximum term permitted in the contract of 25 years from February 2023 to February 2028.
- (iv) Subject to full Council agreement to add the proposed works to the Guildhall to the Leisure and Culture Capital Programme on 15th February 2012; to approve in accordance with Financial Procedure Rules, capital expenditure totalling £519,000, phased £110,000 in 2012/13, £170,000 in 2013/14 and £239,000 in 2014/15, from the Leisure and Culture Capital Programme to carry out works at the Guildhall as set out in paragraph 22.

REASONS FOR THE DECISION

1. Southampton Guildhall is the iconic back drop to the new Guildhall Square which has already seen many successful large scale public events following its £4.5m refurbishment in 2010. With the £15m SeaCity Museum opening in April 2012 and the £21m new arts complex opening in 2015, the Guildhall should remain open to the public, contributing to the Cultural Quarter identity with a vibrant and inclusive programme of events.

2. On 15th March 2010, Cabinet approved extending the contract for a further 15 years to February 2028.
3. Following the Cabinet decision, external factors emerged that had a direct impact on extending the Guildhall contract as approved. These were the unprecedented reduction in local government funding; the economic downturn which affected forecasts for Southampton Guildhall profitability which prompted a review of the suitability and affordability of the contract extension by both parties.
4. The main issue for consideration is that extending the contract puts a contractual commitment on the Council to keep the building in a defined state of repair. The building condition definition of "Fit for Purpose" is that the Council will provide the Guildhall, Solent Suite and Lecture Theatre in a sufficient state of repair for Live Nation to safely open the building to staff and the public in order to provide the Service.
5. Options considered and rejected are summarised below and detailed in the attached Confidential Appendix 1.

DETAILS OF ANY ALTERNATIVE OPTIONS

Option 1 – Do nothing. Let the contract expire 10 February 2013. Repair issues will remain unsolved. Could deliver revenue budget savings for the Council, but would leave an empty, inactive Guildhall at the heart of the newly refurbished Guildhall Square and Cultural Quarter. Unascertained annual mothballing costs.

Option 2 – 5 year + 5 year commitment as per recommendation (i) above. This option allows the contract to expire at the end of the initial 5 years at no cost to the Council, should the building condition survey work being undertaken before 2015 indicate significant unbudgeted capital expenditure in addition to the £519k urgent capital work identified in paragraph 22.

Option 3 – 10-year extension. No option to break earlier if building fabric beyond economic repair except at normal 5-yearly break.

Option 4 – 5-year extension, greater Council subsidy than option 2 or 5, no extension.

Option 5 – 15-year extension approved by Cabinet in March 2010. No option to break earlier if building fabric beyond economic repair except at normal 5-yearly break.

Option 6 – Let the contract expire 10 February 2012, take the service back in-house. Greater Council subsidy than options 2 or 5.

Option 7 – Renegotiate existing contract and specification which expires on 10 February 2013. Not deliverable as this proposal suggests a significant renegotiation of the existing contract and that would be illegal.

Option 8 – Public procurement for a new services provider to start when the current contract expires 10 February 2013. There is little hope of securing an alternative provider given the limited number of alternative venue operators and the Council's aspirations to further reduce the service subsidy. Further, there may now be insufficient time available to carry out such a procurement process and leave adequate time for demobilisation and mobilisation issues. Based on consultation with contributors for the previous Cabinet report and 2010-11 experience with outsourcing services, the unbudgeted procurement costs are likely to be circa £90k.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None

CONFLICTS OF INTEREST

None

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date:
13 February 2012

Decision Maker:
The Cabinet

Proper Officer:
Judy Cordell

SCRUTINY

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council's Scrutiny "Call-In" provisions.

Call-In Period expires on

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by *(if applicable)*

Results of Call-in *(if applicable)*