

DECISION-MAKER:	COUNCIL		
SUBJECT:	NEW ARTS COMPLEX PROJECT		
DATE OF DECISION:	15 JULY 2015		
REPORT OF:	LEADER OF THE COUNCIL		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
Following the issue and receipt of tenders to deliver the fit-out contract for the Arts Complex project, additional funding is required if the scheme is to be completed to the required standard.	
RECOMMENDATIONS:	
(i)	To add, in accordance with Financial Procedure Rules, an additional sum of £1,959,000 to the Leaders Capital Programme for delivery of the New Arts Complex Project and to fund from Council resources.
(ii)	To delegate to the Chief Financial Officer, following consultation with the Cabinet Member for Resources, authority to determine the most appropriate way of financing this sum.
(iii)	To note that the scheme value changes from £23,150,000 to £25,109,000, with a revised phasing of £9,458,000 in prior years, £10,457,000 in 2015/16, £5,016,000 in 2016/17 and £178,000 in 2017/18.
(iv)	To delegate authority to the Head of Leisure, Culture Planning and Transport to complete all operational matters including the granting of leases.
REASONS FOR REPORT RECOMMENDATIONS	
1	To ensure the project can progress and meet the necessary deadlines agreed with external funders and maximise the benefits of the investment in the Cultural Quarter.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2	Not to progress the scheme. This would leave the Council exposed to claims from funders and partners for funds invested in the scheme to date and would leave the site undeveloped for some time, until alternative plans were bought forward. This subsequently would delay the benefit of such a substantial investment in the City Centre and not bring about employment opportunities

	and visitor spend for the City.
DETAIL (Including consultation carried out)	
3	The Arts Complex is the next critical component of the Cultural Quarter. Guildhall Square and SeaCity Museum have made a major contribution to the regeneration of the area, through major events and the tens of thousands of visitors attracted to the quarter. Other businesses have been attracted to the area and are performing well. Grosvenor has concluded leases on many of the commercial units within the broader development of the Arts Complex, and fit out works for some of these units are already underway. These commercial units will open in the Autumn of 2015.
4	Southampton's new arts complex will provide a stunning contemporary arts space with outstanding facilities for performance, visual arts, film and digital media, forming a major part of a new development on the eastern side of the Cultural Quarter, fronting onto Guildhall Square. These flexible spaces will transform Southampton's ability to show a whole range of contemporary performing and visual arts. This will enable the city to attract new and exciting work from national and international artists; and to develop programmes for participation, especially by younger people. The arts complex will be a hub for contemporary cultural activity, at the heart of the Cultural Quarter and provide a new home for City Eye and the John Hansard Gallery, together with additional performance spaces to be operated by the Nuffield Theatre
5	The Arts complex project had a total budget of £23.15m, which has developed over a significant number of years, as major changes in how the project is to be delivered have arisen, and ongoing efforts to retain funding partners have been successfully made.
6	The project requires the fit out of a shell to be delivered by Grosvenor Ltd. The design of the shell fit out has been developed over a number of years, with intense scrutiny in recent months, as the tenants finalise their requirements, as their occupation is intended to last 40 years.
7	The council appointed Galiford Try on a pre-construction agreement, to assist with an efficient move to market once design had been completed. They have now been to tender, with a variety of packages to deliver the overall fit out programme. The response from the market has been unfavourable, with significant efforts required to remove qualifications to tenders, and to secure sufficient competition in certain packages. Ultimately however, this has led to a tender price that is considerably in excess of the current budget.
8	The project has undergone significant value engineering in the past, to manage the cost pressure. In late 2012, circa £700k of costs were removed, in addition to earlier value engineering exercises. It is not considered possible to remove further costs without limiting the ability of the building to perform as required by the operators or as the other key funder, the Arts Council, would require
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
9	It is proposed that an additional £1,959,000 be added to the capital programme and used to the increased shell build costs. The pre tender reports in May 2015, advised that the forecast Contract Sum for the fit out Contract could be contained within the budget, however, the lump sum now

	negotiated with the contractor requires additional resource. The Chief Financial Officer will determine the most appropriate way of funding this sum.
10	It is noted that additional revenue will be generated for the Council through this scheme proceeding, mainly through increased retained business rates, and council tax.
<u>Property/Other</u>	
11	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12	Section 1 of the Localism Act 2011 permits a Council to do anything that an individual may do, whether or not normally undertaken by a local authority (the General Power of Competence). The power is subject to any pre or post commencement provisions, none of which apply in this case).
<u>Other Legal Implications:</u>	
13	None
POLICY FRAMEWORK IMPLICATIONS	
14	The project is in line with the Policy Framework and will assist the Council in meeting the overall aims of the Policy Framework, including the objectives set out in the Southampton City Strategy 2014-17.

KEY DECISION?	Yes	
WARDS/COMMUNITIES AFFECTED:	Scheme is in Bargate	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
	None	
Documents In Members' Rooms		
	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		No
Other Background Documents		
Equality Impact Assessment and Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.		