



Agenda Item:

Originator: Chris Coulson

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REPORT OF: The Director of City Development

TO: Executive Board

DATE: 22 August 2007

SUBJECT: Design & Cost Report

Leeds Grand Theatre Refurbishment, Phase 2 Works 03611/PH2/000

ELECTORAL WARDS AFFECTED:

City & Hunslet

SPECIFIC IMPLICATIONS FOR:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Executive Function

Eligible for Call In

EXECUTIVE SUMMARY:

The report informs Members of the estimated final cost of the phase 1 works to refurbish Leeds Grand Theatre and to develop new rehearsal rooms for use by Opera North and, provides confirmation that both Arts Council England (ACE) and the Heritage Lottery Fund (HLF) have confirmed grant support of £2.2m and £0.995m respectively towards the cost of the proposed phase 2 works to continue the refurbishment of the theatre and to renovate the adjacent Assembly Room.

The report seeks authority to spend £10.459m from existing Capital Scheme No. 03611/PH2/000, which if approved would allow a contract to be let to the preferred participating contractor to undertake the phase 2 refurbishment works, subject to concluding grant agreements with both ACE and the HLF. The Executive Board will receive an update at its meeting on the proposed contract sum for the phase 2 works, the details of which will be Exempt/Confidential Under Access to Information Procedure Rule 10.4(3), as the Council will still be in contract negotiations with the preferred participating contractor.

1.0 PURPOSE OF THIS REPORT

1.1 The purpose of this report is to:-

- 1) Advise Executive Board of the revised estimated final cost of the phase 1 works at £22.365m.
- 2) Authorise a fully funded injection of £19,605 into existing Capital Scheme No. 0361/PH1/000 and the incurring of expenditure on the phase 1 works to refurbish the Leeds Grand Theatre.
- 3) Update Members as to the latest position in respect of the proposed phase 2 works to refurbish Leeds Grand Theatre and the adjacent Assembly Room.
- 4) Seek authority to enter a grant agreement with Arts Council England for a grant of £2.2m towards the cost of refurbishing the Leeds Grand Theatre and the adjacent Assembly Room.
- 5) Seek authority to enter a grant agreement with the Heritage Lottery Fund (HLF) for a grant of £995,000 towards the cost of refurbishing the Grand Theatre and Assembly Room.
- 6) Authorise an injection of £400,000 into existing Capital Scheme No. 03611/PH2/000 to be funded from increased funding support from the Leeds Grand Theatre and Opera House Ltd and the Opera North and Leeds Grand Theatre Development Trust.
- 7) Subject to concluding grant agreements with Arts Council England (ACE) and the HLF, to authorise entering into a building works contract with the preferred participating contractor and, to authorise total expenditure of £10.459m from existing Capital Scheme No 0361/PH2/000 on the proposed phase 2 refurbishment of Leeds Grand Theatre and adjacent Assembly Room.
- 8) Note that in letting the building works contract for the proposed refurbishment works at Leeds Grand Theatre and the Assembly Room, the City Council will be responsible for any cost over runs that may occur on the project that cannot be contained within the phase 2 project budget of £10.664m

2.0 BACKGROUND INFORMATION

2.1 The City Council owns the Leeds Grand Theatre building and the adjacent Assembly Room. In March 2000 the City Council's Executive Board agreed to support the preparation and submission of a bid to Arts Council England (ACE) for grant aid for the proposed refurbishment of the Grand Theatre, adjacent Assembly Room and new build development to provide new headquarters and rehearsal space for use by Opera North.

2.2 In January 2005, Executive Board were advised that it was intended to undertake the proposed refurbishment and new build works in two phases, with the phase 1 works primarily addressing improvements in the auditorium and technical/operational improvements in the backstage areas. The works undertaken in phase 1 included;

- Work to make the theatre more accessible under the DDA requirements.
- Health and Safety works.
- New seating in the theatre stalls with improved sight lines and, refurbished seating elsewhere in the auditorium.
- A new pedestrian lift to take the audience to all floors of the theatre.
- Development of two new production rehearsal rooms, Scenery Bridge and get in lift
- Extended fly tower and provision of a new automated flying system.
- Reconfigured and enlarged orchestra pit
- Provision of air cooling and improved ventilation throughout the auditorium
- Shell works to provide new music coaching rooms.

2.3 Members were advised that whilst phase 1 works summarised in paragraph 2.2 above would conserve the theatre, making it fully accessible for the benefit of all and improve the operational efficiency of the building for the Grand Theatre Company, Opera North and other visiting companies, the works did not include for the full refurbishment of the theatre. Large areas of the theatre including front of house areas, decoration in the theatre auditorium, the building's services, the Assembly Room and backstage areas remained untouched by the phase 1 works. Executive Board was informed that the proposed phase 2 scope of works would seek to deliver the visible improvements to the building, particularly, in the public areas of the theatre, by renovating the Grand Hall and Assembly Room, undertaking repairs/restoration work to the exterior of the building and undertaking improvements to the backstage areas and dressing rooms.

2.4 Following confirmation that the City Council had secured a £13.5m grant from ACE towards the cost of the phase 1 works, the City Council's Executive Board at its meeting in June 2005, authorised that the refurbishment works contract could be let. Subsequently, in December 2005, Executive Board were advised of the need to undertake additional essential mechanical and electrical (M&E) works in the theatre and authorised further expenditure of £1.075m on additional M & E works which were incorporated into the phase 1 contract, giving a total phase 1 project budget of £21.703m for expenditure on construction costs, property transactions, closure costs and fees.

2.5 The phase 1 works started on site on 15 August 2005. In August 2006, the Executive Board received a report advising that with approximately two months of the phase 1 contract remaining the Council's retained design team were advising that the anticipated final cost of the phase 1 project was estimated at £23.491m which was £1.788m in excess of the phase 1 budget provision. Members were advised that the anticipated budget shortfall included provision for £717,000 of costs in terms of advanced warnings and unapproved estimates and, a client contingency of £72,000 to meet further unforeseen costs which may or may not ultimately be incurred by the project.

- 2.6 Executive Board supported a proposal to address the £1.788m anticipated budget shortfall which involved:-
- i) The Opera North and Leeds Grand Theatre Development Trust increasing its contribution to the project by £150,000 to £1.360m
 - ii) An increase in the Grand Theatre Company's contribution to the project by £44,000 to £444,000
 - iii) ACE being requested to provide a further £300,000 grant towards the phase 1 project costs. This supplementary grant was approved by ACE in September 2006, taking their total contribution to the phase 1 project to £13.8m.
 - iv) The City Council to bring forward £1.295m funding from its contribution to the phase 2 scheme to fund the balance of the anticipated budget shortfall, leaving a balance of £0.624m as the Council's available contribution to the phase 2 project costs. In agreeing to such a proposition, Members noted the proposal contained in the June 2005 report to Executive Board, which advised that any funds not required on phase 1 would be held for expenditure on the phase 2 works.

2.7 Subsequent to the report to Executive Board in August 2006 advising Members that the anticipated final cost of the phase 1 project was estimated at £23.491m, a further contribution of £19,605 was made to the project by the Opera North and Leeds Grand Theatre Development Trust to fund additional works in the new dye room. This gave a revised total budget for the phase 1 project of £23,510,605. Following a review of the financial position of the Leeds Grand Theatre Company at the end of 2006/07, and taking account of a number of unforeseen and on going budget pressures facing the Company, £250,000 of the Company's contribution to the project was substituted by an equivalent Capital contribution from the City Council in order to assist the company. This takes Council's overall contribution to the entire project to £3.750m exclusive of the value of the property transactions.

2.8 In considering the potential phase 2 scope of works, Executive Board were advised in August 2006 that a funding package totalling around £9.124m and comprising the following potential contributions could be achievable:

ACE	£2.200m
LCC	£0.624m (1)
ON/LGT Development Trust	£3.000m
Opera North	£0.500m (2)
Leeds Grand Theatre	£1.800m (3)
HLF	£1.000m
Total	£9.124m

Notes

- (1) The sum of £0.624m represented the balance of the City Council's contribution for phase 2 after its contribution had been made to address the anticipated budget shortfall on phase 1. The figure includes £550,000 authorised by Executive Board in June 2005 on fees incurred to develop the initial design proposals for phase 2.

- (2) Opera North has agreed to support the City Council in undertaking unsupported borrowing of £500,000 as a contribution to the phase 2 project costs. The costs associated with borrowing the £500,000 to be funded by reducing the Council's annual grant to Opera North for a period of 25 years.
- (3) The Grand Theatre Company's contribution of £1.8m comprises support to the City Council in undertaking unsupported borrowing of £1m, to be funded by reducing the Council's annual grant to the company for a period of 25 years and, the proceeds of the £1 ticket levy for a four (4) year period after the re-opening of the theatre.

2.9 In February 2007, Executive Board as part of the Capital Programme Review authorised an injection of £9.124m into the Capital Programme (Scheme No. 03611/PH2/000) for expenditure on the proposed phase 2 refurbishment works at the Grand Theatre.

2.10 In June 2007, the Director of Resources authorised expenditure of £150,000 from existing Capital Scheme No.03611/PH2/000 to allow an enabling package of works to be undertaken in the roof area of the Assembly Room prior to the start of the main contract works which, subject to Executive Board approval is currently proposed to start on site on 17 September 2007. In authorising such an enabling package of works, the Director of resources was informed that the preferred participating contractor for the phase 2 works had advised that if the works in the enabling package were carried out as part of the main contract works, then a period of at least 10 weeks would need to be added to the main contract programme, as the work in the roof area would have delayed start of the ceiling restoration works which are on the critical path of the project. Undertaking the required works as part of the main works contract would have cost an additional estimated £148,000, arising through an extension of the main contract period and additional consultant fees.

3.0 CURRENT POSITION

(1) Refurbishment works

3.1 The phase 1 works were completed on 17 September 2006 (approximately 5 weeks later than originally programmed) and, the theatre reopened to the public in October 2006.

3.2 The final account has now been agreed with the contractor (including the additional M & E works), which in turn allows the total phase 1 project cost to be estimated. Taking into account construction costs, fees, closure costs and property transactions, the design team estimate the final phase 1 costs to be £22,365,502, some £1.145m (rounded) less than the anticipated final cost reported to Executive in August 2006 and for which budget provision of £23,510,605 had been agreed.

3.3 The retained design team advise that the reasons for the reduced final cost of the phase 1 works as previously reported to Executive Board is due to:

- i) The contractor over estimating the level and extent of making good works and weekend working required in the weeks immediately proceeding practical completion in September 2006, which ultimately could not be substantiated.

- ii) Claims items submitted by the contractor were agreed by the Council's retained design team as soon after such claims were submitted. Such an approach allowed costs to be agreed at a value for money level, rather than at the end of the contract when the extent of the Council's exposure to contractor claims may have been greater.
- iii) The diligence of the project quantity surveyor in justifying and substantiating information presented by the contractor.

3.4 Having regard to the proposal presented to Executive Board in June 2005, that any 'savings' that may arise on the phase 1 works will be held for expenditure on the phase 2 works, scheme proposals for phase 2 have been developed at a total estimated project cost of £10.664m. A breakdown of the revised assumed funding provision for the proposed phase 2 works may be summarised as follows:

ACE	£2.200m (1)
LCC	£0.624m (2)
ON/LGT Development Trust	£3.200m (3)
Opera North	£0.500m
Leeds Grand Theatre	£2.000m (4)
HLF	£0.995m (5)
Under spend phase 1 budget	£1.145m

Total **£10.664m**

Notes

- (1) ACE have confirmed a grant of £2.2m towards the phase 2 project costs
- (2) Includes 'sunk' fees of £550,000 for design development work as agreed by Executive Board in June 2005.
- (3) In order to maximise both public benefit and works to the backstage areas, the Opera North and Leeds Grand Theatre Development Trust has increased its fundraising target for the phase 2 works by £200,000 from £3m to £3.2m. At the time of report preparation, the Development Trust advises that it has secured /received pledges of funding totalling slightly excess of £3m which can be made available for the phase 2 works. The Development Trust remains confident that it will achieve the balance of its fundraising target, however, as outlined in Section 8 below it is likely that not all of the pledges will have been received by the Trust by the completion of the phase 2 works, currently forecast to be September 2008.
- (4) In order to maximise public benefit, the Leeds Grand Theatre and Opera House Ltd has agreed to increase its funding contribution by £200,000 from £1.8m to £2m, through extending the period of the £1 ticket levy by one year from four to five years post reopening of the theatre in October 2006. This increases the Company's contribution through the ticket levy to £1m, but does mean that a significant element of the funding through this source will not be received until after the phase 2 works are completed. This is considered further in Section 8 below.

- (5) The HLF has confirmed a grant of £0.995m towards both the cost of the restoration of the Grand Theatre and the Assembly Room and for the development of an exciting learning programme based around the heritage, architecture and social history of the buildings.

3.5 Assuming the budget provision as detailed in paragraph 3.4 above, the proposed phase 2 scope of works comprises:

- Restoration of the Assembly Room as a rehearsal space for use by Opera North and as a performance and learning environment
- Restoration/repair to the façade of the Grand Theatre and Assembly Room
- Improvements/restoration to the theatre's front of house areas, revealing further tiled areas, renewing finishes, improving lighting and reinstating the original links between the Grand Hall and the Assembly Room.
- Refurbishment to the backstage/dressing room areas
- Fit out of the music coaching rooms.
- New pedestrian bridge over Harrison Street between the Assembly Room and Opera North's offices in Premier House
- Fit out works to the Assembly Room
- Provision of new stage door entrance to the Theatre and Assembly Room at the corner of Harrison Street and New Briggate

3.6 Members of the Executive Board should note that subject to the precise nature of the backstage works being determined, it is envisaged that the theatre will remain open throughout the duration of the phase 2 works. However, if the backstage works were to include the replacement of the theatre's safety curtain, then closure of the theatre for around five weeks would be required on health and safety grounds whilst such work was undertaken. The cost of any theatre closure period would have to be met from the budget allocated for the backstage works.

3.7 Whilst the proposed scope of works to be undertaken as detailed in paragraph 3.5 above will provide significant improvements in the public areas of the theatre and will bring the Assembly Room back into full public use, Members should note that the scope of works has been developed to match the budget considered to be available. Areas of the theatre and parts of the fabric of the Assembly Room ie the roof of the building will remain untouched by the proposed phase 2 works.

(2) Grant Agreements

3.8 In confirming an award of £2.2m towards the phase 2 project costs, ACE have set out a number of conditions and key deliverables in a draft grant agreement that the City Council and its partners in the project must comply with in order to drawdown the grant award. Failure to achieve the relevant key deliverables would result in ACE being under no obligation to pay the grant to the City Council.

3.9 With regard to the HLF grant agreement, the HLF propose that both Opera North and the Leeds Grand Theatre Company are required to be signatories to the agreement and, to be bound by those terms and conditions relating to their occupancy of the Assembly Room and Theatre respectively, as if they had been original applicants jointly with the City Council. In addition, the Leeds Grand Theatre must at the same time as granting ACE a charge on its proposed leasehold interest in the theatre, grant the HLF an equal ranking charge over its lease of the property as security for any sums that may become due to HLF under terms of the grant agreement. Members should note that ACE and the HLF will need to conclude documentation regulating their priority of payment for their respective charges of the Grand Theatre's lease, in the event of the charges ever being enforced.

4.0 CONSULTATIONS

4.1 A wide range of consultation was undertaken in the preparation of the scheme design proposals for phase 2. The organisations consulted included the Theatres Trust, English Heritage, The Civic Trust, The Victorian Society, Fire Authority and Statutory undertakers.

4.2 The Leeds Grand Theatre and Opera House Ltd Board of Management have been consulted on proposed phase 2 scope of works for the project.

4.3 Opera North has been consulted and has indicated support for the proposed scope of works for phase 2 of the project.

5.0 PROGRAMME

5.1 As at the date of report preparation, the master programme for the phase 2 works envisages the following key milestone dates:

Contract sum finalised	15 August 2007
Contractor mobilisation	3 September 2007
Works start on site	17 September 2007
Practical Completion	29 September 2008

5.2 Members of Executive Board should note as detailed in Section 8 below, that the development programme does have cash flow implications for the Council, in that in all likelihood not all financial contributions will have been received from the Leeds Grand Theatre Company and the Development Trust when works are completed on site in September 2008.

6.0 COMPLIANCE WITH COUNCIL POLICIES

6.1 The Council's Corporate Plan identifies the need to maximise the potential facilities which improve the quality of life and which add to the attractiveness of the City and the region. Moreover, the Corporate Plan acknowledges the role of cultural attractions in promoting the economic prosperity and overall profile of the City.

7.0 LEGAL AND RESOURCE IMPLICATIONS

(1) Funding Provision

- 7.1 A breakdown of the assumed funding provision of £10.664m for the proposed phase 2 works to refurbish the Grand Theatre and adjacent Assembly Room is summarised in paragraph 3.4 above.

(2) Project Costs

- 7.2 At the time of report preparation over 92% of the proposed phase 2 scope of works has been tendered and evaluated. The remaining works package tenders representing around 8% of the anticipated contract sum and, comprising primarily the fit out works, secondary glazing and decorative works are due to be received shortly, sufficient for them to be evaluated by the Council's retained cost consultant and for the preferred participating contractor to then submit a tender to the Council by 15 August 2007. The design team advise that the anticipated tender sum for the phase 2 refurbishment works will be within the total budget provision, with a contingency of 10% of the anticipated contract sum available when works start on site. Members of the Executive Board will receive an updated report on the proposed construction cost and total project cost for the phase 2 works at the meeting, the content of which will be Exempt/Confidential Under Access to Information Procedure Rule 10.4 (3), as the Council will still be in contract negotiations with the preferred participating contractor.
- 7.3 Approvals for expenditure totalling £150,000 from Capital Scheme No. 03611/PH2/000 have been authorised to date for expenditure on the phase 2 works, along with earlier approval of £54,500 made under phase 1 which will now be carried forward and the costs incurred as part of the phase 2 works. This leaves a balance of £10.459m (rounded) to be authorised for expenditure on the project.

03611/PH2 / 000 Grand Theatre Phase 2 - Spreadsheet for DCR

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2007 £000's	FORECAST					
			2007/08 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011 on £000's	
Phase 2 Enabling Works (03611/EN1/000)	0.0 150.0 0.0	0.0	150.0					
Phase 1 Works to be undertaken in Phase 2 – 03611/PH1	54.5 0.0			54.5				
TOTALS	204.5	0.0	150.0	54.5	0.0	0.0	0.0	0.0

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2007 £000's	FORECAST					
			2007/08 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011 on £000's	
LAND (1)	0.0							
CONSTRUCTION (3)	8459.8		4000.0	4209.8	250.0			
FURN & EQPT (5)	0.0							
DESIGN FEES (6)	2000.0	996.1	590.0	400.0	13.9			
OTHER COSTS (7)	0.0							
TOTALS	10459.8	996.1	4590.0	4609.8	263.9	0.0	0.0	0.0

Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2007 £000's	FORECAST				
			2007/08 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011 on £000's
LCC Funding	624.2	996.1	-371.9				
Arts Council Grant	2200.0		2200.0				
Grand Theatre USB	1000.0		1000.0				
Grand Theatre Ticket Levy	800.0		523.0	277.0			
Opera North Development Trust	3000.0		0.0	2922.5	77.5		
Opera North USB	500.0		500.0				
Heritage Lottery	1000.0		1000.0	0.0			
Total Funding	9124.2	996.1	4851.1	3199.5	77.5	0.0	0.0
Shortfall =	-1485.6	0.0	111.1	-1410.3	-186.4	0.0	0.0
This will be funded as follows:-	0.0						
Leeds City Council saving from Phase 1	1090.6		371.9	532.3	186.4		
Opera North Development Trust	200.0			200.0			
Grand Theatre Ticket Levy	200.0			200.0			
Reduced Heritage Lottery	-5.0			-5.0			
Arts Council Grant	0.0		-483.0	483.0			
Balance =	0.0		0.0	0.0	0.0	0.0	0.0

8.0 RISK ASSESSMENT

8.1 By assuming the lead role in the project and acting as employer under the building works contract, the City Council would be regarded by third party funding bodies as funder of the first resort if cost overruns on the project were to occur that could not be contained within the project budget. Whilst this risk can not be completely mitigated, the Council has undertaken extensive pre-contract intrusive survey work (particularly in the Assembly Room), in order to establish both the condition of the building fabric and existing services/systems, in an effort to mitigate cost risks to the Council. In the event of such a situation arising, if after undertaking value management to reduce scheme costs that the project cannot be contained within budget, the Leeds Grand Theatre and Opera North Project Board established to control, manage and guide the project would need to review the proposed scope of works to bring the project in line with the budget available.

8.2 There remains a risk that the Opera North and the Leeds Grand Theatre Development Trust (the Trust) may not be able to contribute its full share (£3.2m) towards the cost of the phase 2 works. In order to minimise the risk to the Council, officers have examined the Development Trust's accounts and ongoing fundraising plans. As at the end of 2006/07, the Trust had raised income of £3.1m, which after expenses and the Trust's contribution to phase 1, left £876,000 available for phase 2. The Trust's plans for the period from 1 April 2007 show that they have identifiable pledges from a variety of sources which total around £2.4m, some of which will be required to meet the on-going fundraising expenses of the Trust. Members of Executive Board should note that whilst the Development Trust has pledges that make up a significant contribution to their £3.2m, there is ultimately no guarantee that the Trust will convert the pledges into cash commitments once the Council has let the building works contract. Of the outstanding pledges over 88% are from trusts and corporate bodies with the balance being from individuals. The Trust have confirmed that they are committed to raising sufficient funds to meet this identified

shortfall and, are confident of doing so and given the Trust's record to date, officers are confident (based on information made available and having regard to the fundraising strategy being pursued) that the Trust can meet its fundraising target of £3.2m. In a further effort to mitigate the risk to the Council, officers have been in discussion with representatives of the Trust and have secured the following commitment from the Chairman of the Development Trust....” The Trustees of the Opera North and Leeds Grand Theatre Development Trust are committed to supporting the continuing capital development project to refurbish the Leeds Grand Theatre and to restore the Assembly RoomOn behalf of the Trust, I am therefore able to confirm that the sum of £3,200,000 will be available and allocated specifically for phase 2 of the project and to be drawn down by the Council in accordance with the agreed arrangements....pending drawdown, these monies will not be used for any other purpose unless the project fails, in which case the unused funds may require refunding to benefactors... On the basis of the above, the Council may rely on the availability of Trust funding being in place to enable the Council to award the construction contract for the phase 2 works”.

- 8.3 Members of Executive Board will note that many of the pledges that the Trust have received make payments over a number of years and, it is forecast that even at completion of the phase 2 works at the end of September 2008, the Trust will still have outstanding receipts of around £0.756m. This consists of the currently identified shortfall and outstanding pledges as at that date. On current plans it is likely that the final pledges will not be received until 2010/11, albeit less than £30,000. The implication of this is that the Council will bear the cash flow cost of these outstanding pledges, but in recognition of this, the Trust has agreed to make an upfront contribution to the project of £1m at the scheme commencement, with further payments to follow reflecting costs incurred up to the cash resources available from the Trust.
- 8.4 There is also a risk that the Leeds Grand Theatre Board are not able to meet their contribution of £1m through the ticket levy, or that it takes longer than the 5 years currently forecast. The Company raised around £120,000 by way of the ticket levy in 2006/07 following the theatre's re-opening in September 2006. It is forecast that at the completion of the phase 2 works in September 2008, approximately £500,000 will be outstanding, with the final contribution not being received until mid 2011. The implication of this is that the Council will bear the cash flow cost of these outstanding sums.
- 8.5 In confirming their respective grant awards towards the phase 2 project costs, both ACE and the HLF have set out a number of conditions/key deliverables in draft grant funding agreements that the City Council and its partners (Opera North and Leeds Grand Theatre and Opera House Ltd) must comply with in order to secure the respective grant awards and, that failure to comply with the conditions of the grant agreements would result in both ACE and HLF being under no obligation to make grant payments to the City Council. The key issues relate to public benefit and public access, financial viability, partnership support, delivery of the learning programme, property charges in respect of Leeds Grand Theatre Company's lease of the theatre and design and construction issues. The City Council will, therefore, be dependant upon both Leeds Grand Theatre and Opera North to provide information to both funding bodies and, with respect to the HLF award to be signatories to the grant agreement. In order to mitigate the risk to the Council, it would be the intention to enter into a protocol with both companies whereby both organisations accept their responsibility to submit information in a timely and proper manner to both ACE and the HLF sufficient to satisfy the conditions of the respective funding agreements. Members of Executive Board should note that

concluding the respective grant agreements will be a complicated and potentially lengthy process, particularly, given the requirements of the HLF that both Opera North and the Leeds Grand Theatre Company are to be signatories to the agreement. It is essential that the grant agreements are concluded as soon as possible, as clearly officers could not recommend entering into a contract for the refurbishment works until both grant agreements are in form acceptable to the City Council, its partners, the HLF and ACE.

- 8.6 There is a risk that the Council and its preferred participating contractor may fail to secure all statutory consents (Temporary Road Closure Order) sufficient to allow works to start on site as programmed. This risk is being mitigated by the Council and the preferred contractor holding discussions with adjacent neighbours to the theatre and, preparing a method statement as to how servicing access arrangements will be maintained to these businesses during the construction period.

9.0 RECOMMENDATIONS

9.1 Executive Board is requested to:

- (i) Note the revised estimated final cost of the phase 1 works at £22.365m
- (ii) Authorise a fully funded injection of £19,605 into existing capital Scheme No. 03611/PH1/000 and the incurring of expenditure on the phase 1 works to refurbish the Leeds Grand Theatre
- (iii) Note the current position regarding the proposed phase 2 works to refurbish Leeds Grand Theatre and the adjacent Assembly Room.
- (iv) Authorise the City Council to conclude a grant agreement with Arts Council England for a grant of £2.2m towards the cost of refurbishing the Leeds Grand Theatre and Assembly Room
- (v) Authorise the City council to conclude a grant agreement with the Heritage Lottery Fund for a grant of £995,000 towards the cost of refurbishing the Grand Theatre and Assembly Room.
- (vi) Authorise an injection of £400,000 into existing Capital Scheme No. 03611/PH2/000 to be funded from Leeds Grand Theatre and Opera House Ltd and the Opera North and Leeds Grand Theatre Development Trust.
- (vii) Subject to concluding grant funding agreements with Arts Council England and the Heritage Lottery Fund to authorise entering into a building works contract with the preferred participating contractor and, to authorise total expenditure of £10.459m from existing Capital Scheme No. 03611/PH2/000 on the proposed refurbishment of Leeds Grand Theatre and Assembly Room.
- (viii) Note the City Council will be responsible for any cost overruns that may occur on the project that cannot be contained within the phase 2 project budget of £10.664m.

SUPPORTING DOCUMENTATION

- 1. Draft ACE grant agreement
- 2. Draft HLF grant agreement