



Report of the Director of City Development

Report to Executive Board

Date: 27 June 2018

Subject: Design and Cost Report, Proposed Refurbishment, West Yorkshire Playhouse and Public Realm Works

Capital Scheme Numbers: 32019 and 32804

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Hunslet & Riverside	
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. The proposed refurbishment and reconfiguration of the West Yorkshire Playhouse and public realm works on the key gateway site into Quarry Hill are consistent with the Best City Centre by 2030 vision and the key aspirations within, that aim to achieve a cultural city centre, building a national and international reputation for culture and, provision of a quality environment that has a positive effect on people's health and wellbeing. The success of capital investments in cultural venues and public realm ranging from the City Museum, the refurbishment of both the Leeds Grand Theatre and the City Varieties, the development of new headquarters for Northern Ballet, the opening of the First Direct Arena and, the delivery of new green space at Sovereign Street, Little Neville Street and the redevelopment of Bond Court have emphasised the importance of continued investment in the cultural fabric of the city and, are consistent both in supporting the Council's ambition to be the Best Council and Best City by 2030, but also to be a compassionate, caring city that helps all its residents benefit from the effects of the city's economic growth.

2. In recognising the importance of the cultural fabric of the city and city centre spaces and the role that they play, the Council has sought to ensure that cultural infrastructure across the city is fit for purpose and that its cultural organisations are both resilient and sustainable as reflected in the Council's Cultural Strategy, which has an objective for established cultural organisations to be resilient. By providing

new and exciting spaces for children to play and explore, the proposed Gateway Court public realm works will also contribute to the Council's Child Friendly Leeds ambition.

3. Against this background, Executive Board at its meeting in July 2015 agreed as owner of the Playhouse building to act as lead in the management, procurement and delivery for the proposed refurbishment and reconfiguration works (the proposed works) at the West Yorkshire Playhouse (the Playhouse) which re-orientates the theatre towards the city by creating a new extension and high impact entrance opposite the Victoria Gate development. Indeed, Victoria Gate has brought the city centre right to the edge of Quarry Hill, bringing significant extra footfall to the Eastgate area. Against this background, the Quarry Hill area of the city is now going through a transformational period of change. This includes the development of the City College, Moda's residential development and the works to the Playhouse with a new public realm gateway. In turn, this will complement the proposed investments in the South Bank and, in particular, enhancing connectivity with the Royal Armouries and the Waterfront. In July 2017 having regard to Authority to Spend previously approved, Executive Board authorised an injection of £13.040m into the Capital Programme (Capital Scheme No. 32019) and authorised the award of a contract for the proposed works at the Playhouse, subject to the tender for the proposed works being within the project's cost plan allowance.
4. Subsequently, Executive Board in September 2017 having regard to the wider redevelopment proposals for the Quarry Hill site including to proposed works to the Playhouse, the Caddick Development scheme and the new City College campus development, sought to bring forward significant landscaping improvements for the existing triangular green space which has frontage onto all the schemes noted above and, authorised an injection of £1.926m into the Capital Programme (Capital Scheme No. 32804) and expenditure of the same for the redevelopment and enhancement of the existing green space known as Gateway Court and Playhouse Square.
5. This report summarises progress made to date on the proposed works to the Playhouse and public realm enhancement works at Gateway Court and Playhouse Square and, advises that the capital budgets reported to Executive Board for the two projects in July and September 2017 respectively as being required to undertake the works do not align with the forecast total project costs. The report seeks authority to inject £1.990m into Capital Scheme Nos. 32019 and 32804 for the Playhouse and public realm improvement works, with £1.44m being met from the general contingency held within the Council's capital programme and, an additional £550,000 funding contribution from the West Yorkshire Playhouse toward the cost of the proposed works at the Playhouse and, seeks Authority to Spend the additional funding on the two projects.

Recommendations

6. Executive Board is requested to:
 - (i) Authorise an injection of £1.280m into existing Capital Scheme No. 32019 toward the cost of refurbishing and reconfiguring the West Yorkshire Playhouse.

- (ii) Authorise a fully funded injection of £550,000 from the West Yorkshire Playhouse into existing Capital Scheme No. 32019 toward the cost of refurbishing and reconfiguring the West Yorkshire Playhouse
- (iii) Approve Authority to Spend £1.830m from Capital Scheme No. 32019 for the proposed refurbishment and reconfiguration of the West Yorkshire Playhouse
- (iv) Authorise an injection of £0.160m into existing Capital Scheme No. 32804 toward the cost of the proposed public realm redevelopment and enhancement works at Gateway Court and Playhouse Square.
- (v) Approve Authority to Spend £0.160m from Capital Scheme No. 32804 for the proposed public realm redevelopment and enhancement works at Gateway Court and Playhouse Square.
- (vi) Subject to consultation with the Executive Member for Economy and Culture, to authorise the Director of City Development and the Chief Officer Financial Services to negotiate and approve the final terms associated with the receipt of the West Yorkshire Playhouse's financial contribution to the proposed works to refurbish and reconfigure the Playhouse building.
- (vii) Authorise the decisions taken under this report to be declared as Exempt from Call In, as it is considered that any delay in implementing the decisions will prejudice the Council's interests.
- (viii) Note the actions required to implement the decisions, the proposed timescale to progress the project as detailed in paragraph 3.9 of the report and, that the Chief Officer Culture and Sport will be responsible for the implementation of the decisions.

1 Purpose of this report

- 1.1 The purpose of the report is to summarise progress made to date on the proposed works to the Playhouse and the public realm redevelopment and enhancement works at Gateway Court and Playhouse Square and, seeks Executive Board's approval to inject additional funding into existing Capital Scheme Nos. 32019 and 32804 and, to authorise expenditure on the proposed works to the Playhouse and public realm works.

2 Background information

- 2.1 The Quarry Hill area of the city is now going through a transformational period of change. This includes the development of the City College, Moda's residential development and the works to the Playhouse with a new public realm gateway. The Council's Executive Board at its meeting in July 2015 agreed as owner of the Playhouse building to act as lead in the management, procurement and delivery for the proposed works at the Playhouse and, in doing so, to be the applicant to and if successful, the recipient of a grant award from ACE towards the cost of the proposed works to the Playhouse.
- 2.2 In August 2017, the City Council submitted a Stage 2 application to ACE for a grant of £6.333m toward the cost of the proposed works. In December 2017 the Council was advised by ACE that it had been successful with its Stage 2 application and

confirmed a grant of £6.333m, having previously awarded a £300,000 development grant toward the project costs.

- 2.3 In July 2017, following a competitive procurement process the Council approved the appointment of BAM Construction Ltd (BAM) as the preferred contractor to undertake both the proposed works to the Playhouse and the public realm redevelopment and enhancement works and, to enter into a Pre Contract Services Agreement with the contractor for their input during the development of the RIBA Stage 4 design proposals and the submission of a second stage lump sum tender.
- 2.4 Executive Board in July 2017 was advised that the total project cost was estimated to be £14m inclusive of fees and contingency and that the cost of the project would be funded from a combination of ACE grant funding (£6.633m), the West Yorkshire Playhouse (£3.032m from reserves and fundraising) and £4.335m from the City Council.
- 2.5 Subsequently in September 2017, Executive Board authorised an injection and approved Authority to Spend £1.926m into Capital Scheme No. 32804 for the proposed redevelopment and enhancement of the existing greenspace at Quarry Hill known as Gateway Court and Playhouse Square and, noted the intention to incorporate the proposed public realm works into the contract for the works to the Playhouse, as it was considered to be more practicable and cost effective to incorporate such works into the works for the Playhouse, so as to ensure such works were undertaken and completed to coincide with the re-opening of the Playhouse and the adjacent City College development in summer 2019.

3.0 Main Issues

- 3.1 Since the beginning of the year BAM and the novated design team have developed the Stage 4 design proposals for the proposed works at the Playhouse which have subsequently been issued to BAM's sub-contractors to competitively price. As the sub-contractor pricing was returned, it became evident that a large number of the work packages were being returned at a higher value than the market testing had indicated and the allowances made in the project cost plan, as the feedback from sub-contractor's was that the project was considered to be complex, with inherent risks for particular trades by comparison with other competing projects that they were tendering for and, therefore, had priced the Playhouse works accordingly. The key work areas experiencing cost uplift may be summarised as;

* Mechanical and electrical packages, with increases resulting from additional required supplies, equipment changes and interface connections with existing theatre equipment.

* A review of the fire strategy increased the number of fire and smoke dampers with corresponding increase in the scope requirement for the BMS, ductwork and general electric packages, combined an increase in the scope of the fire detection scope of works

* Groundwork increases as a more accurate measurement and billing of the works was established

*Specialist joinery works relating to the structural build-up of the tiered seating, timber ceiling and timber wall lining details along with increased areas of work

* Metal cladding due to the disproportionate levels of cutting which carries a labour premium

* Demolition work includes for a lot more scope in openings than was originally envisaged, including for the design and provision of temporary works to maintain the stability of the building during the works.

* Revised working practices and approaches to comply with Health and safety requirements ranging from working at height in the auditoria which requires specialist access, to working in a live theatre environment with Playhouse personnel in close proximity and members of the public attending the 'Pop Up' theatre throughout the duration of the contract.

- 3.2 Against this background, BAM's second stage lump sum tender totalled £13.551m inclusive of preliminaries, overheads and profit and contractor's risk allowance, but excluding the cost of works required to address the guidance provided by the Police's security advisor relating to security measures around the theatre building, the cost of which will be met from the City Centre Vehicle Access Restrictions budget. In order to address the budget shortfall, the project team has undertaken a further Value Engineering exercise targeting savings in the specification that did not impact on the core objectives of the project and which would not prejudice the ACE grant award. The Value Engineering exercise has secured savings of £1.037m and includes amongst other things a reduction in the proposed technical infrastructure, systems and equipment in the Quarry Theatre; a review of the finishes throughout the building; revised acoustic specification to plaster ceilings; reducing the budget allowance for internal lighting and a rationalisation of lighting control systems; a review of the extent of timber wall finishes and rationalising the number of air handling units.
- 3.3 Rex Procter and Partners, the Council's retained cost consultant has undertaken an evaluation of BAM's second stage tender submission and, has advised that the tender has been carried out in an open and transparent manner in accordance with the agreed YorBuild principles, that BAM has generated a tender based on genuine competition and that the tender itself reflects a willingness from the contractor to work with the design team to attain a competitive construction cost and, on that basis, having regard to the outcome of the Value Engineering process that identified £1.037m of savings advises that BAM's tender of £12.513m can be accepted.
- 3.4 Members of Executive Board should note that as with the earlier Value Engineering exercise the items of expenditure noted in paragraph 3.2 above have been chosen because they may either be re-instated within the project at a later date should the contingency provision allow at an appropriate point in the refurbishment programme or may be carried out separately as a standalone project at a later date. From a design perspective, the project team has sought to focus primarily on technical revisions to the specification that will have little impact on the public's experience of the theatre building or its external appearance. The proposed scheme continues to deliver a new landmark entrance for the theatre facing the city centre onto St.

Peters Street, significantly improved access for all into and through the building, improved performance spaces, the development of a new performance space in the Rock Void and new opportunities for revenue generation by the Playhouse.

- 3.5 Having regard to BAM's revised tender sum of £12.513m as detailed in paragraph 3.3 above, it should be noted that the project costs exceed budget provision by £1.830m. In order to bridge the funding gap, it is proposed that both the West Yorkshire Playhouse and the City Council increase their funding contributions to the project, the details of which are presented in Section 4.4 of the report below.
- 3.6 In September 2017, Executive Board authorised an injection and approved Authority to Spend £1.926m into Capital Scheme No. 32804 for the proposed public realm enhancement works at Gateway Court and Playhouse Square. The proposed public realm works have been embedded into the proposed works to the Playhouse and, the design team has developed the proposals to RIBA Stage 3. Based on the Stage 3 scheme proposals, the budget estimate for the proposed public realm works is £2.647m, exceeding the budget provision by £0.721m (rounded). Through a combination of alternative funding of £100,000 from other existing Council budgets (increasing the scheme budget to £2.026m) and, the identification of Value Engineering savings the project team and the contractor has reduced the anticipated budget shortfall to an estimated £160,000. Whilst the approach has generated significant savings without adversely affecting the visual impact of the scheme, the project team are of the view that any further Value Engineering savings will impact on the appearance of the overall area and will not achieve the quality of environment aspired to by the Council. Against this background, it is proposed that the City Council increases its funding contribution to the project by £160,000, the details of which are presented in Section 4.4 of the report below.
- 3.7 Members of Executive Board may recall that the Playhouse has advised that upon conclusion of the proposed works it is committed to re-launching the building and organisation with a brand that will more clearly associate it with the city. An update on the discussions regarding the re-branding of the theatre will be available at the meeting of the Executive Board.

Programme

- 3.8 In order to adhere as close as possible to the project development programme which envisaged that a package of enabling works would have started on site at the end of April 2018, the Director of City Development following consultation with the Executive Member for Economy and Culture and the Chief Officer Financial Services authorised the Council entering into an Early Works Agreement with BAM prior to the contract for the main refurbishment works being completed, sufficient that the contractor could place early orders for those work packages with long lead in times and to start the enabling works on site on 29 May 2018. In authorising the Early Works Agreement a limit on the expenditure to be incurred was set pending determination by Executive Board of an increase in the project budget to align with the forecast cost for the proposed works. In progressing in this manner, the Director of City Development was advised that if the Council's Executive Board was not minded to authorise an injection of funds then the scope of works would need to be further reviewed to align the scheme proposals with the budget available.

3.9 If Executive Board is minded to support the recommendations contained in this report and, having regard to the Early Works Agreement completed with BAM as outlined in paragraph 3.9 above, there would be no change to the Playhouse's planned period of closure (from 23 June 2018) nor the delivery of the public realm works, as the main works are scheduled to start on site on 23 July 2018 and complete in mid-June 2019, with the Playhouse re-opening to the public after a period of refit, familiarisation and training for theatre personnel in early September 2019, to coincide with the opening of the adjacent new City College development.

4.0 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Executive Member for Economy and Culture has been consulted and is supportive of the recommendations contained in the report.
- 4.1.2 The Board of the West Yorkshire Playhouse is supportive of the recommendations contained in the report
- 4.1.3 ACE has been consulted and whilst it has advised that no further grant support is available for the project, it is supportive of the actions taken and the proposed funding strategy to address the budget shortfall in order to achieve a budget compliant scope of works.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 In formulating the recommendations within this report to support the injection into the capital scheme and authority to spend on the proposed works, the potential impacts on equality, diversity and cohesion and integration issues have been considered.
- 4.2.2 An Equality, Diversity, Cohesion and Integration Impact Assessment has been carried out and was presented to Executive Board at its meeting in July 2017 (copy attached at Appendix A). The exercise noted the cultural activities currently undertaken by the Playhouse both in terms of their artist offering and their community work which benefit users that protected characteristics and it has been assessed how the refurbishment works will improve upon on these. This will be achieved through for example:
 - 4.2.3 The Playhouse will become an open, porous and welcoming building rather than one closed off to public view, welcoming people in and underscoring the Theatre's renewed commitment to engage with local communities; including young people and those with dementia.
 - Improving physical access into and around the theatre building, particularly for wheelchair users, by the creation of new vomitoria in the Quarry Theatre which will enable them to feel part of the audience rather than being on the

seat on the periphery of the auditorium. At present wheelchair users also have to use back of house routes in order to get to the seating area available to them; the refurbishment will enable these customers to enter and exit the same as abled bodied customers and, therefore, creating a more pleasurable, inclusive experience. In addition, more wheelchair spaces are being made available in both the Quarry and Courtyard theatres. This will be particularly beneficial to the Playhouse in their sector-leading work on Relaxed Performances which are specifically designed to be open and accessible to people who may otherwise experience barriers to engaging with theatre.

- The refurbishment will assist with the theatre's aspirations to be more dementia friendly by creating calming, logical and safe spaces. The theatre building will become more logical in its layout and be more welcoming, breaking down any psychological barriers in using a theatre space.
- The new Rock Void space will allow the theatre to expand their Artist Development and Young People's offers and, to extend community participation opportunities bringing community groups right into the heart of the new theatre building.
- Improve and increase the toilet provision, with provision for families, gender neutral and disabled users.
- Creating new spaces and improving their award winning Creative Engagement offer for young people, older people, communities and schools/education providers such as the long-running Heydays programme for over 55s which promotes community cohesion and health and wellbeing and reduces social isolation.

4.3 Council Policies and Best Council Plan

- 4.3.1 Investment in the Playhouse will contribute to both a strong economy and to a compassionate city by both making Leeds a more attractive place to invest but also a better place to live. The Playhouse contributes strongly to Child Friendly Leeds, most notably through its Youth theatre and First floor provision. It contributes to Leeds' ambition to be The Best City Centre by 2030. By providing new and exciting spaces for children to play and explore, the enhanced public realm proposals for Gateway Court and Playhouse Square combined with the public realm provision in the adjacent Caddick Development scheme will contribute to the Council's Child Friendly Leeds ambition
- 4.3.2 The proposals contained in the report are as consistent with the Best Council Plan 2015-2020 in terms of supporting a resilient, inclusive, cultural and creative sector.

4.4 Resources and value for money

- 4.4.1 In order to address the projected budget shortfall for the proposed works to the Playhouse and the public realm enhancement works it is proposed that Executive Board authorise an injection of £1.990m into the Capital Programme, comprising

£1.830m into Capital Scheme No. 32019 toward the cost of refurbishing and reconfiguring the Playhouse, with £550,000 fully funded by the Playhouse and, £160,000 into existing Capital Scheme No. 32804 for the proposed public realm enhancement works at Gateway Court and Playhouse Square.

- 4.4.2 It is proposed that the City Council's additional contribution towards the projects totalling £1.440m would be met from the general contingency provision held within the Capital Programme.
- 4.4.3 With regard to the Playhouse's additional contribution of £550,000 towards the cost of the proposed works to the theatre, their contribution would come from a combination of reserves held by the organisation and by increasing its fundraising target from £2.3m to £2.75m. The Playhouse is confident that the increased fundraising target whilst ambitious is achievable given that at the time of report preparation just over £1.85m of the current £2.3m target has already been secured. If considered acceptable to the Council (as the Council is cash flowing the project), it is proposed that the detailed negotiations regarding the payment period, when payments are to be made to the Council and interest charges be delegated to the Director of City Development and the Chief Officer Financial Services to conclude in accordance with the Council's officer delegation scheme.

4.4.4 Capital Funding and Cash Flow.

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2018 £000's	FORECAST				
			2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	12000.0		9550.0	2450.0			
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	2000.0	1182.2	727.8	90.0			
TOTALS	14000.0	1182.2	10277.8	2540.0	0.0	0.0	0.0
Authority to Spend required for this Approval		TOTAL £000's	TO MARCH 2018 £000's	FORECAST			
				2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
LAND (1)	0.0						
CONSTRUCTION (3)	1830.0		1100.0	340.0	390.0		
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
TOTALS	1830.0	0.0	1100.0	340.0	390.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)		TOTAL £000's	TO MARCH 2018 £000's	FORECAST			
				2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
LCC Supported Borrowing	4815.0		586.0	3614.4	614.6		
Capital Receipt	300.0		222.2	27.8	50.0		
Corporate USB	500.0		0.0	360.0	140.0		
Private Sector	3582.0		74.0	2888.6	619.4	0.0	
Government Grant	6633.0		300.0	4487.0	1456.0	390.0	
Total Funding	15830.0	1182.2	11377.8	2880.0	390.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Parent Scheme Number : 32019

Title : West Yorkshire Playhouse Refurbishment

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2018 £000's	FORECAST				
			2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	1840.6		1668.6	172.0			
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	185.0	77.1	107.9				
OTHER COSTS (7)	0.0						
TOTALS	2025.6	77.1	1776.5	172.0	0.0	0.0	0.0
Authority to Spend required for this Approval		TOTAL £000's	TO MARCH 2018 £000's	FORECAST			
		2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's		
LAND (1)	0.0						
CONSTRUCTION (3)	160.0		160.0	0	0.0		
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0		0.0	0	0.0		
OTHER COSTS (7)	0.0						
TOTALS	160.0	0.0	160.0	0.0	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)		TOTAL £000's	TO MARCH 2018 £000's	FORECAST			
		2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's		
LCC Supported Borrowing	539.6		60.0	369.8	109.8		
Capital Receipt	750.0		0.0	750.0	0.0		
Private Sector	896.0		17.1	816.7	62.2		
Total Funding	2185.6	77.1	1936.5	172.0	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Parent Scheme Number : 32804

Title Public Realm Improvements at Quarry Hill

Revenue Effects

4.4.5 Any revenue implications will be met by the West Yorkshire Playhouse

4.5 Legal Implications, Access to Information and Call In

4.5.1 The decisions in this report are key decisions and are eligible for Call In. Members of Executive Board should note that under the Council's Constitution, a decision may be declared as being Exempt from Call In if it is considered that any delay would seriously prejudice the Council's or the public interest. The development programme for the proposed works envisages that the Council will conclude a contract for the substantive works on 6 July 2018 in order to allow the works to commence on site on 23 July 2018. A delay in entering into such a contract with BAM for the proposed works could result in the company/its subcontractors seeking to review the price for the works and, as such, could prejudice the Council's ability to achieve the optimum financial proposal and would delay the refurbishment works, with consequential adverse financial implications for both the Council and the Playhouse, as the theatre closure period would be longer than the Playhouse has budgeted for.

4.5.2 The June meeting of Executive Board affords the earliest opportunity for Members to consider a request to authorise an injection of and Authority to Spend additional funding into the proposed Playhouse and public realm projects. The contractor's second stage lump sum tender was received on 27 April 2018. Allowing time to conclude the Value Engineering process, the Council only received the cost consultant's tender report on 9 May 2018 and, as such, there was no opportunity to seek a decision earlier so as to have been eligible for Call In.

4.6 Risk Management

- 4.6.1 The current cost estimate for the proposed public realm enhancement works is based on a RIBA Stage 3 design. Whilst the contractor has undertaken full market testing with three or more sub-contractors in order to inform the project costs, there remains a risk that as the detailed design proposals are developed the costs may exceed the budget available. The risk cannot be completely mitigated and, if it was to arise the project team would further review the scheme proposals to achieve a budget compliant scope of works.
- 4.6.2 Part of the Playhouse's additional contribution to the project relies upon achieving its increased fundraising target of £2.75m. Whilst the Playhouse is confident that the increased fundraising target is achievable given the progress with the fundraising campaign to date, the risk remains that the funding is not raised in a timely manner to support the Council's commitment to meet the contractor's costs. The Council will undertake to cash flow any shortfall in the Playhouse fundraising target on the basis that at the end of the defects liability period in summer 2020, any funding not yet received by the Council from the Playhouse as part of the £2.75m fundraising target will be converted to a loan that will be recoverable from the Playhouse over a period of up to 5 years, depending upon when the funding shortfall will be raised and, if appropriate will be secured against the Council's three year grant approval to the Playhouse.
- 4.6.3 There is a risk that the level of client contingency in the project budget may not address the unknown risks that only become apparent once works commence on site. This risk cannot be completely mitigated, as regard has to be given to the fact that the contractor will be working in a constrained site surrounded by other contractors and, in a live theatre environment where a temporary 'pop up' theatre will remain in operation throughout the duration of the works. Whilst there can be no guarantee that unknown risks can be controlled within the project contingency sum, the intention will be to put in place a robust change control process during the construction stage in order to control costs within the budget available.
- 4.6.4 Members of Executive Board may wish to consider requesting officers responsible for managing the delivery of capital projects to incorporate a risk premium in addition to the normal contingency allowance in a project budget until a project achieves cost certainty to reflect the volatility of the construction market at the present time.

5 Conclusion

- 5.1 An additional funding contribution from the City Council combined with additional funding from the Playhouse will lever in a further £6.3m of funding from ACE for

investment in the cultural infrastructure in the city, which in turn will not only secure a resilient and sustainable future for the Playhouse, but will also bring forward significant landscape improvement proposals on a key gateway into Quarry Hill and, which forms one of the 15 'Transformational Schemes' being developed as part of a wider public realm work programme for the city centre.

- 5.2 If, however, Executive Board is minded not to support the recommendations contained in the report, the delivery of the proposed works to the Playhouse and the public realm enhancements will be delayed pending a further Value Engineering exercise to achieve a budget compliant scope of works. Such an approach will impact on the key project objectives for the Playhouse and could result in ACE not agreeing to fund the revised project to the full value of the current award
- 5.3 Any delay which extends the closure period of the theatre will impact on the financial resilience of the Playhouse, whilst a delay in concluding the public realm enhancements would mean that a key entrance to the new City College would not be in place to coincide with the opening of the College in summer 2019.

6 Recommendations

- 6.1 Executive Board is requested to:
- (i) Authorise an injection of £1.280m into the existing Capital Scheme No. 32019 toward the cost of refurbishing and reconfiguring the West Yorkshire Playhouse.
 - (ii) Authorise a fully funded injection of £550,000 from the West Yorkshire Playhouse into the existing Capital Scheme No. 32019 toward the cost of refurbishing and reconfiguring the West Yorkshire Playhouse.
 - (iii) Approve Authority to Spend £1.830m from Capital Scheme No. 32019 toward the cost of refurbishing and reconfiguring the West Yorkshire Playhouse.
 - (iv) Authorise an injection of £0.160m into existing Capital Scheme No. 32804 toward the cost of the proposed public realm redevelopment and enhancement works at Gateway Court and Playhouse Square.
 - (v) Approve Authority to Spend £0.160 from Capital Scheme No. 32804 for the proposed public realm redevelopment and enhancement works at Gateway Court and Playhouse Square
 - (vi) Subject to consultation with the Executive Member for Economy and Culture to authorise the Director of City Development and the Chief Officer Financial Services to negotiate and approve the final terms associated with the receipt of the West Yorkshire Playhouse's financial contribution to the proposed works to refurbish and reconfigure the playhouse building.
 - (vii) Authorise the decisions taken under this report be declared as Exempt from Call In, as it is considered that any delay in implementing the decisions will prejudice the Council's interests.

- (viii) Note the actions required to implement the decisions, the proposed timescale to progress the project as detailed in paragraph 3.9 of the report and, that the Chief Officer Culture and Sport will be responsible for the implementation of the decisions.

7 Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.