

Forward Plan Reference: FP/24/01/13`
Committee Date – 8 May 2024
Key Decision – yes
Confidential Information – no



Octagon Theatre – Addition to Capital Programme

Executive Member(s): Lead Member for Communities, Housing and Culture
Local Member(s) and Division: Cllr Faye Purbrick and Cllr Andy Soughton
Lead Officer: Elizabeth Dawson
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Summary

1. The extension and refurbishment of the Octagon Theatre in Yeovil was previously part of the Council's Capital Programme but Members approved its removal due to it being unaffordable. A further opportunity to bid for the Department for Culture Media and Sport grant was offered and this is progressing well against a smaller refurbishment ambition. It is a requirement of the bid that the scheme is added to the Council's Capital Programme and meeting this requirement is the primary objective of this report.
2. A revised Octagon scheme is now proposed. This has an indicative cost of £15m funded by the bid to DCMS (£10m), an in principle offer from Yeovil Town Council (£3.75m), and the remainder held by Somerset Council from previous fund raising and ticket levy. With the current estimated costs of the revised scheme there would be no requirement for further capital input from Somerset Council, however Somerset Council would bear some financial risk as the accountable body for the scheme.
3. As part of a wider devolution conversation with Yeovil Town Council, they have requested the asset and service transfer of the Octagon Theatre. A decision on this devolution proposal will be taken in due course, following consideration of the proposal by the council's Asset Management Group.

Recommendations

4. The Executive recommends Full Council add the revised Octagon project to the Council Capital Programme, on the proviso that a build contract is not awarded and build work does not commence until a devolution deal has been finalised with Yeovil Town Council.

Reasons for recommendations

5. To meet the requirements of the DCMS bid by adding this to the Capital Programme.

Other options considered

6. The options relating to the building were discussed during the MTFP savings process and an agreement was made by Full Council to continue the temporary closure of the Octagon Theatre.
7. The Theatre was closed in April 2023 to facilitate the required intrusive surveys. This initial scheme was terminated when the costs of construction and borrowing rose to unacceptable levels – at this point the project was removed from the Council's capital programme.
8. Permanent closure of the building was considered and rejected pending applications for funding to DCMS to renovate and enhance the Theatre.
9. Reopening the Theatre with no improvements would cost between £100,000 and £200,000 and would not solve any of the issues that triggered the original scheme to be considered. The annual subsidy would continue to be met by Somerset Council.

Links to Council Plan and Medium-Term Financial Plan

10. During the MTFP savings process it was agreed that the Theatre would remain closed on a temporary basis and that the programme and staff would relocate to the nearby Westlands Entertainment Complex (where applicable).
11. This budget change resulted in a financial saving for 2024/25 and this has been reflected in the Council's MTFP. The working assumption is that the Theatre will be devolved to Yeovil Town Council upon completion along with any future maintenance and revenue support liabilities.

12. **A Healthy & Caring Somerset** – in providing the Theatre we are enhancing the Cultural opportunities available to residents and visitors and in doing so improving the wellbeing of our communities.
A Greener and More Sustainable Somerset – provide a Theatre for the people rather than requiring people to travel to the Theatre in Bath, Plymouth or London. In addition, renovation works will use LED lighting wherever possible to reduce utility costs and usage. We will explore the potential for Solar PV.
A Flourishing & Resilient Somerset – the project will provide employment for local businesses during the planning and build stages and then, once complete, and reopened audiences will provide significant inward investment for local restaurants, pubs and hotels.
A Fairer, Ambitious Somerset – the scheme will provide improved access for all. Access to the stage and the dressing room areas will be improved and access to front of house and to the auditorium will also be improved

Financial and Risk Implications

13. Funding for the project is made up of £10m anticipated from DCMS, £3.75m offered in principle from Yeovil Town Council and the remaining £1.25m from fundraising and external grants already held by the Octagon Theatre. Should all this funding be received, there is no capital funding to be allocated from Somerset Council for this project, therefore no increase to the Council's external borrowing.
14. There is a process for application to the DCMS that results in the Council submitting a Final Business Case in February/March 2025. A revised outline Business Case will be submitted in Autumn 2024. We are told that DCMS require the scheme to be added to the capital programme for the Council, and meeting this requirement is the primary purpose of the report.
15. DCMS remain supportive of the revised scheme and have provided useful feedback following the submission of an Outline Business Case in January 2024.
16. Funding for the project is made up of an anticipated £10m from DCMS and there is a process for application that results in the Council submitting a Final Business Case in February/March 2025 (see below). A revised Outline Business Case will be submitted in autumn 2024. We are told that DCMS require the scheme to be added to the capital programme for the Council, and meeting this requirement is the primary purpose of the report.

Timeline for the Octagon Theatre Redevelopment.



17. DCMS remain supportive of the revised scheme and have provided useful feedback following the submission of an Outline Business Case in January 2024.
18. The remainder of the funds required for the project are from Yeovil Town Council (£3.75m offered in principle but subject to an agreement regarding devolution and Yeovil Town Council public consultation) and from earmarked S106/CIL funds, ticket levy contribution, fundraising from 'friends groups' and external grants either held or anticipated (total £1.265m).
19. The report references that the asset and service will be devolved to Yeovil Town Council, whilst this is progressing well there remains a financial risk to Somerset Council if this does not complete. The recommendation ensures that a build contract is not awarded and build work does not commence until a devolution deal has been finalised with Yeovil Town Council.
20. If either DCMS or Yeovil Town Council grants are not awarded, then the scheme fails and will be removed from the capital programme. At that point the Council will have to consider alternative options for the building.

The DCMS bid is predicated on the Yeovil Town Council grant being awarded.

Please enter risk description					
The risk that funding is not secured from DCMS and as a result funds spent progressing the project are abortive.					
Likelihood	2	Impact	5	Risk Score	10
Please enter mitigation here					
We have already submitted an Outline Business Case (OBC) which was well received by DCMS. We have been invited to submit a revised OBC and a Full Business Case and are in regular dialogue with DCMS and they continue to					

advise us regarding the process and progress. The £10m initially awarded to the scheme remains 'available' pending the applications outlined.

Please enter risk description

Affordability has not been fully tested in the open market at this stage, there remains a risk that value engineering work will be required to deliver a scheme within the cost envelope.

Likelihood	2	Impact	4	Risk Score	8
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Please enter mitigation here

We have an indicative preconstruction figure for the revised scheme based on construction in Q3 of 2025 with inflation allowance. This should be tested by securing designs to RIBA stage 3 which permits a more accurate cost of construction to be identified.

Please enter risk description

The risk that funding is not secured from Yeovil Town Council and/or a 'devolution agreement' cannot be signed in sufficient time. In this case the project would cease and costs would be abortive.

Likelihood	3	Impact	5	Risk Score	15
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Please enter mitigation here

Accelerate the legal process to agree a mechanism for both parties to sign a devolution agreement that is linked to the provision of the capital grant.

Legal Implications

21. The report is seeking no more than to add the Octagon Theatre project to the Capital Programme and therefore at this stage it is not considered that there are any legal implications.
22. Once the project progresses to the point that we can appoint professional services (or let further contracts) then the matter will return for consideration to the Democratic process and receive further legal input but at this stage the

recommendation is to add the project to the Capital Programme so that we can continue to progress.

HR Implications

23. There are no HR implications relating to the recommendations. The decision to devolve the facility and transfer the staff under TUPE is separate to this paper.

Other Implications:

Equalities Implications

24. Adding the project to the Capital Programme enables further work to take place to progress the scheme.

Having discussed the matter with the Equalities and Risk Manager it is agreed that the recommendation would have no equalities implications and that an EIA is not required at this stage.

Community Safety Implications

25. There are no community safety implications related to this recommendation.

Climate Change and Sustainability Implications

26. Adding the project to the Capital Programme has no climate change or sustainability implications.
27. When the scheme develops through the stages then the matter of how it is powered, heated, and lit will become important factors in determining the final design and cost and this will come back to Councillors when appropriate.

Health and Safety Implications

28. The addition of the scheme to the Capital Programme has no Health and Safety implications. The recommendation does not create either a greater or lesser risk of ill health or injury that exists now to SC employees, volunteers, service users, visitors, members of the public or contractors.

At future stages all will have to be considered more carefully but the addition of the scheme to the Capital Programme has no effect.

Health and Wellbeing Implications

29. For each of the three priorities below from the Health and Wellbeing Strategy does the proposal have
- significant positive or negative impacts on health and wellbeing ?
The recommendation has no positive or negative impacts on health or wellbeing. Ultimately the establishment of an improved theatre would have a positive impact but not at this stage.
 - significant positive or negative impacts on preventing ill-health (physical and mental health)?
The recommendation has no impact, either positive or negative, on preventing ill health.
 - significant positive or negative impacts on reducing health and social inequalities?
No impact.
30. There are no implications on specific population groups arising from the recommendation.

Social Value

31. At the point of commissioning work we will consider whether we can increase social value through the construction phase in particular but there is no social value increase by adding the project to the Capital Programme.

Scrutiny comments / recommendations:

32. The matter was discussed at Community Scrutiny on 10th April 2024.
33. Councillors noted that the scheme was a 'new' scheme compared to the previous ambition. There was concern regarding the risk of overspend on the project and who would be responsible for the financial risk.
34. Councillors asked to see the full Outline Business Case and the milestones for the project. Verbal updates were provided in the meeting and the OBC was circulated following the meeting.

35. Councillors were interested in what the Theatre was costing whilst it was closed vs when it was open and wanted to know whether it would be financially self-sustaining upon completion.

Councillors understood it would be devolved to Yeovil Town Council upon completion.

Background

36. A previous scheme to extend and renovate the Octagon Theatre was initiated by the legacy South Somerset District Council and was included in the Council's Capital Programme. This project was curtailed when the eventual cost escalated to an estimated c£30m+ and the cost of borrowing rose significantly meaning that the interest payments on the borrowing to fund the scheme made the project unaffordable.
37. The Department for Culture Media and Sport (DCMS) had previously conditionally offered £10m of capital funding towards the scheme.
38. The theatre was closed on 1st April 2023 to undertake intrusive surveys intended to 'de-risk' the original project as far as possible, the outcomes of these surveys remain valuable for the revised scheme.
39. Architects were appointed and BAM were retained to provide preconstruction advice. A Quantity Survey was appointed. The larger scheme was developed to an advanced stage before costs increased to an unacceptable level and the project was stopped.
40. A revised Draft Outline Business Case was submitted by Somerset Council (January 2024) to DCMS and this level of support remains available pending a Council submission in September of a Revised Outline Business Case (OBC) followed by a Full Business Case in spring 2025.
41. Full Council agreed to the continued temporary closure of the Octagon Theatre in 2024 as part of the MTFP savings whilst exploring all options to renovate the facility
42. The revised project includes the provision of a fly tower (which would expand the range of programmes that could be attracted to the Octagon Theatre); a solution to the many accessibility issues that exist at the site; improvements to the auditorium (with a modest increase in capacity within the existing space);

improvements to the front of house and catering facilities and external landscaping.

Background Papers

43. Minutes of Executive Meeting 4th October 2023

<https://democracy.somerset.gov.uk/ieListDocuments.aspx?CIid=213&MID=2377>

Executive report Octagon Business Case Position

<https://democracy.somerset.gov.uk/documents/s14994/Executive%20report%20Octagon%20Business%20Case%20Position.pdf>

Scrutiny Paper 10th May 2024

<https://democracy.somerset.gov.uk/documents/s28177/Octagon%20Scrutiny%20Report%20April%2024%20Final.pdf>

Executive Paper 4th October 2023 Item 49 – Octagon Project Update.

The Executive at the meeting

- a) Confirmed its commitment to the Octagon project as a flagship venue to deliver arts and culture services in Yeovil for Somerset.

- d) instructed officers to continue to work with DCMS and Arts Council England to find a viable Octagon Business Case to deliver cultural services in Yeovil for Somerset.

Assurance checklist

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	17 th April 2024
Communications	Peter Elliott	24 th April 2024
Finance & Procurement	Nicola Hix	17 th April
Workforce	n/a	
Asset Management	Oliver Woodhams	17 th April 2024
Executive Director / Senior Manager	Chris Hall/Elizabeth Dawson	10 th April 2024
Strategy & Performance	Alyn Jones	17 th April 2024
Executive Lead Member	Cllr Federica Smith-Roberts	10 th April 2024
Consulted:	Councillor Name	

Local Division Members	Cllr Faye Purbrick Cllr Andy Soughton	17 th April 2024
Opposition Spokesperson	Cllr Andy Dingwall	10 th April 2024
Scrutiny Chair	Cllr Gwil Wren	10 th April 2024