

**SURREY COUNTY COUNCIL****CABINET****DATE: 27 JUNE 2023**

**REPORT OF CABINET MEMBER:** DENISE TURNER-STEWART, DEPUTY LEADER AND CABINET MEMBER FOR COMMUNITIES AND COMMUNITY SAFETY

**LEAD OFFICER:** MARIE SNELLING, EXECUTIVE DIRECTOR CUSTOMER AND COMMUNITIES

**SUBJECT:** YOUR FUND SURREY- CF218 YVONNE ARNAUD THEATRE

**ORGANISATION STRATEGY PRIORITY AREA:** EMPOWERING COMMUNITIES

<b>Purpose of the Report:</b>
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This report sets out the key information on the **Yvonne Arnaud Theatre** Your Fund Surrey (YFS) application, for the consideration of Cabinet.

The vision of YFS is to bring community-led and place-making projects to life, with a focus on the wider community benefit that leaves a real legacy.

<b>Recommendations:</b>
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It is recommended that Cabinet:

1. Approve the full amount requested of £2,988,000 (52% of total project cost), comprised of:
  - Up to £2,988,000 of capital funding towards a project to improve the accessibility of the Yvonne Arnaud Theatre and enable wider community use. To be paid in staged payments, on evidence of spend. The final value of funding will be contingent on Surrey County Council's (SCC) review of a tender before entering into a funding agreement.
  - 5% of which will be retained as final payment until final evidence of income, expenditure and building control sign-off is provided.

<b>Reason for Recommendations:</b>
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- This application has been the subject of a rigorous assessment process and officers consider the project meets the aims and published criteria of the Fund and to satisfy the requirements to award funding.
- The proposed project will enable the Yvonne Arnaud Theatre (YA), registered charity, to become a thriving, multi-purpose community and cultural hub for the whole of Surrey. The facilities it provides are unique for the County, but the current building is out-dated, inaccessible and not capable of meeting current and future demand.

- The project will ensure that the entire theatre and existing community rooms will become accessible for a variety of new groups and build on the community initiatives and outreach programmes already delivered by the Theatre. Enhanced accessibility will ensure the YA is able to increase its' capacity by 30% and support arts and culture development for charities, schools and diverse community groups across Guildford and Surrey. The development of the YA will ensure the venue, which was built by monies raise by the community themselves, continues to serve a diverse and large number of residents into the future.

### **Executive Summary:**

1. YA is unique in its provision and is Surrey's only producing house. A producing house is a theatre which creates its own shows in-house and includes script writing, set building and casting. The grade II listed three storey building welcomes 128,000 visitors a year, including audiences at performances and community groups.
2. The land is owned by Guildford Borough Council and the building owned by YA. There is a 99 year lease for the land, which has been in place since 1961 with 33 years remaining. YA have a right to renew at the end of the lease term with only minimal costs.
3. YA is a registered charity with eight trustees. The venue was built by monies raised by the community in 1965 and is located in central Guildford. Residents from all 11 districts and boroughs attend the theatre, which also attracts 30% of visitors from outside the County.
4. The theatre aims to fulfil the role of arts and cultural provider, meeting place, place maker, educator, and safe space for diverse communities. It already acts as a community venue with a range of groups using it on a regular basis, but the current layout is inaccessible to people with mobility issues, and many spaces are underutilised.
5. The building is of concrete construction, is outdated and needs repair, refurbishment and re-design. The YA have an ambitious 10 year programme with the following priorities:
  - Improving accessibility
  - Creating new and improved community spaces
  - Creating fit for purpose spaces for creative learning work
  - Improving energy efficiency of the building
6. YA are seeking funding from YFS for phase one of the programme, focussing on accessibility and improving community spaces. The building has many limitations include an outside lift which is too small for a wheelchair and carer and only stops at the top floor. A key element is to install a new accessible lift in the centre of the building to service all floors and consequently a re-design of the floor space throughout the building is required.
7. YFS funding would be used specifically towards new build work in the ground floor foyer, front of house and entrance. Funding would also contribute towards construction of the new accessible lift and accessible toilets across all floors.
8. The project will open up access to various spaces including a large, multi-use room on the third floor. The current inaccessible lift and lack of soundproofing means the room is difficult to access and use has to be scheduled around activities in the auditorium. YA estimate a minimum increase of at least 30% in cultural and arts activities for local and

Surrey wide residents. This is based off conservative estimates and the actual increase is expected to be significantly more.

9. The theatre does not meet current accessibility needs, preventing a large number of groups such as older and disabled residents from accessing the services. There are currently no accessible toilets within the theatre building so as part of the project the ground floor foyer will be redesigned to incorporate accessible toilets.
10. The new lift will also ensure that wheelchair users can access the higher levels of the theatre auditorium so additional wheelchair spaces will be available. At the moment they are limited to 3 on the ground floor.
11. Due to the considerable level of investment, an element of the funding agreement would include the requirement of YA to work with the Council's marketing team to install significant Surrey County Council signage at the front of the building to reflect the project is in partnership with SCC.

### **Project Overview**

12. The impact of the Covid-19 pandemic highlighted the importance of the building's role as a resource for users beyond that of a traditional theatre. YA has increased their role as a community venue and with their creative learning programme they have developed a new vision for the theatre, highlighting its function as a community and cultural hub for Surrey. The creative learning programme deepens community engagement, working with families, those from low socio-economic groups, disenfranchised young people, the elderly, the disabled and the vulnerable.
13. YA has around 100 volunteers who serve as ushers, gardeners and archivists. The theatre has also recently launched a pilot 'Theatre Ambassador' scheme providing opportunities for young adults with additional needs.
14. There are currently six social groups using the building on a regular basis, equating to 113 sessions and 2,924 community participants in 22/23 as well as 270 hires by social groups. This is projected to increase by 30% following the capital works.
15. A significant two year fundraising strategy has been developed by the YA, which began in January 2023. To date £1,200,000 has been raised and the organisations experience of fundraising provides confidence that the remaining £1,635,000 will be achieved within the strategy timeline.

### **Description of project benefits**

16. The main benefits to the project include:
  - i. Supports access to and the development of Arts and Culture in Surrey, through increased range of users and opportunities for volunteering and training.
  - ii. Increases the social cohesion between residents in Guildford and across Surrey.
  - iii. Ensures the theatre and community rooms can be accessed by people with mobility requirements, including appropriate washroom facilities.
  - iv. Creates, and opens up, new community spaces and opportunities for local people.

- v. Increased provision for many under-represented groups through links with several charities and organisations

### Project Timeframes and Management

17. The project will take approximately 60 weeks and will be managed by the Chief Executive who has significant experience in re-development of similar venues. A project manager will be appointed for the build, working in conjunction with the architect and contractor.

### Consultation:

#### Summary of Support

18. Have your say, which featured the Yvonne Arnaud project, received 2,421 comments (90% positive), one of the highest seen to date. In addition letters of support have been received from a wide range of charitable organisations.

19. The Divisional Councillor Fiona Davidson fully supports the application and has commented as follows:

*"I would like to confirm that I am absolutely behind the Yvonne Arnaud's Your Fund Surrey application.*

*I have been extremely impressed by the plans to build on the Yvonne Arnaud's skills and experience to create a community hub and community space, with the objective of providing experiences and services to a wide spectrum of people right across Surrey from school and amateur theatre groups to child carers and to those who need to find a way of expressing their mental health difficulties. All of this as well as continuing to be a producing theatre – and an iconic Guildford venue."*

### Risk Management and Implications:

20. A summary of the key risks to the project is included below. Officers consider there to be adequate controls in place.

Risk description	RAG	Mitigation action/strategy
YA unable to raise the funding gap.		Strong fundraising history and already raised £1.2m. A detailed fundraising strategy in place include details of other funding applications from trusts and other bodies. £1.6m of designated reserves has been set aside to cover any shortfall in the short-term.
Actual project costs rise considerably against QS estimates due to inflationary environment.		Full tender process and subsequent value engineering to mitigate against cost increases. SCC will agree final funding figure and scope before entering into the agreement. If costs increase above the maximum agree, another report will be taken to Cabinet.
Project fails to deliver desired community benefit		YA well connected in the community and have conducted considerable engagement to ascertain need.

### Financial and Value for Money Implications:

21. YFS funding is requested to contribute towards improving the accessibility of the venue and opening up community spaces. The project has applied for £2,988,000 which equates to 52% of the overall project costs, although there is currently a funding gap of £1,600,000.

- 22. A blended fundraising plan is in place to cover this gap and consists of donations from regular givers, grant applications to trusts and foundations, fundraising events and a public fundraising campaign. YA are confident that this funding gap can be achieved (they have already raised £1.2m) within a two-year time scale which started in January 2023. It is anticipated YFS funding would help support fundraising and leverage other grants.
- 23. Table 1. Financial Summary details the £2,835,000 of other funding either raised or to be raised against the total project cost of £5,823,000. Table 2 details the total project cost breakdown. Whilst Guildford Borough Council are not contributing to the project, they are supporting YA through annual grants.
- 24. Due to the high value of the project and YFS funding request, all costs are based on a detailed Quantity Surveyor (QS) report conducted in November 2022 which has also been reviewed by SCC Land & Property (L&P). Any funding provided by YFS would be subject to a satisfactory tender process.

**Table 1. Financial summary**

<b>Amount applied for:</b>	£2,988,000
<b>Total project cost:</b>	£5,823,000
<b>Percentage of cost against total:</b>	52%
<b>Have other funding sources been secured?</b>	Yes
<b>Other funding:</b>	Raised to-date through donations and YA contributions - £1,200,000. Still to raise through detailed fundraising plan – £1,635,000.
<b>Is there a commercial element to the project?</b>	Yes
<b>Amount suggested for funding:</b>	£2,988,000

**Table 2. Project Cost breakdown:**

<b>Activity</b>	<b>Total Cost*</b>
Demolition and site clearance	£772,000
Ground floor foyer new build work**	£1,240,000
Third floor multipurpose space new build work	£539,000
Ground floor entrance, front of house and lift new build works**	£1,574,000
Accessible WC facilities across all floors**	£222,000
Mezzanine floor connecting lift meeting rooms**	£86,000
First floor lift access to stalls, meeting rooms and door improvements	£1,081,000
Evaluation**	£25,000
Loose fittings and fixtures	£284,000
<b>Total</b>	<b>£5,823,000</b>

\*Costs include VAT, professional fees, risk @ 4.1% and inflation @16%.

\*\*Denotes YFS funded elements.

**Advisory Panel Comments**

- 25. The applicant presented the project to the Advisory Panel on 24<sup>th</sup> May 2023. Panel members were particularly interested in understanding the cost projections, fundraising strategy for the project and the applicant’s levels of reserves. The applicants’ quantity

surveyor explained how the costs have been benchmarked and how ongoing value engineering would seek to provide best value.

26. Members also queried how SCC could be acknowledged for their significant investment. The sentiment was reciprocated by the applicant who agreed SCC would be recognised in the new building. Options discussed included prominent signage and/or naming a community room after SCC.
27. Members of the Advisory Panel were generally satisfied by the answers provided and were all in agreement that the project should be funded, although there were still some concerns over the inflationary risk and whether the theatre could continue to operate during the build or would have to close for a period of time. Overall they concluded the project demonstrated considerable community support, improving accessibility was of great importance and the building was a unique and valuable asset to the County.

#### **Section 151 Officer Commentary:**

28. Significant progress has been made in recent years to improve the Council's financial resilience and the financial management capabilities across the organisation. Whilst this has built a stronger financial base from which to deliver our services, the increased cost of living, global financial uncertainty, high inflation and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to be forward looking in the medium term, as well as the delivery of the efficiencies to achieve a balanced budget position each year.
29. In addition to these immediate challenges, the medium-term financial outlook beyond 2023/24 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.
30. This project has been reviewed financially and risks are highlighted in the risk management section in paragraph 24. It is a material investment into a project which is part of a much larger upgrading and updating plan for the YA. There has been comprehensive financial and project planning, but a significant funding gap still remains. There are mitigations plans for this, through use of their reserves, should this not be possible. All risk mitigations required will be addressed through the funding agreement.
31. The borrowing costs associated with the fund have been fully built into the Council's Medium-Term Financial Strategy. The annual cost of borrowing for this specific project of £2,988,000, would be £174,135.

#### **Legal Implications – Monitoring Officer:**

32. The report sets out the information and steps for the consideration of the application further to the Council's governance arrangements for Your Fund Surrey.
33. Further to those arrangements, if approved, the Council and the organisation will enter into a comprehensive funding agreement which will include the performance measures that will be put in place to ensure the funding is used as intended as well as clearly describing any support or additional conditions agreed as part of the funding award.

34. It is recommended that SCC require a restriction on the title to prevent sale of the property or change of use without SCC permission and require pay back should the building be sold or not used for the intended purpose, on a sliding scale. The final terms to be agreed by the Executive Director.

**Equalities and Diversity:**

35. Your Fund is designed to provide investment in schemes that encourage community participation, reduce isolation, and develop the potential for social wellbeing and economic prosperity. As such it is anticipated that this project will have a positive impact on a number of those who may rely on or gain support from within the local community and those within protected characteristics that may be more likely to experience social and economic exclusion.

**Other Implications:**

36. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail in Table 4 below.

**Table 4. Implications for council priorities and policy areas**

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	Improved access to arts and culture activities for looked after children across Surrey.
Safeguarding responsibilities for vulnerable children & adults	Provides a safe space for vulnerable children and adults attending sessions with charities
Environmental sustainability	Improves the environmental credentials of the building.
Public Health	Enhance the arts and culture offer to residents in Guildford and across Surrey. Involvement in such activities can have positive impacts on wider determinants of health.

**What Happens Next:**

- Following Cabinet approval of the funding a notice of the records of decisions taken under delegated power, will be published within 3 days of the decision being made.
- Officers will prepare the relevant schedules and funding agreements to enable payment of funds and monitoring and evaluation of the project against its outcomes.
- The YFS Team officers will issue a provisional offer of funding to the applicant requiring review of the tender before the final value of YFS funding is confirmed and a funding agreement drafted.

**Report Author:**

Jane Last, janel@surreycc.gov.uk

Nikki Tagg, nicola.tagg@surreycc.gov.uk

Patrick Culligan, yourfund@surreycc.gov.uk

**Consulted:**

Division County Councillor

Portfolio holder for Communities

Land & Property, Surrey Arts, Resources, Corporate Finance & Commercial – SCC

**Sources/background papers:**

Your Fund Surrey Criteria

Your Fund Surrey Governance Document

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