

Decision Pathway – Report Template



PURPOSE: For reference

MEETING: Cabinet

DATE: 14 July 2020

TITLE	Redevelopment of Colston Hall		
Ward(s)	Central Ward directly (the whole city, region and nationally operationally)		
Author: Stephen Peacock	Job title: Executive Group Director Growth & Regeneration		
Cabinet lead: Mayor & Cllr Craig Cheney	Executive Director lead: Stephen Peacock		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Timescales: Cabinet 14 July 2020			
Purpose of Report: To update Members on the current challenges with the Redevelopment of Colston Hall.			
Evidence Base: Background In 2018 the Council earmarked £10m in its capital programme towards a £48.8m capital project to redevelop Colston Hall, with the balance to be secured from other funders. Full details of the proposed funding arrangements are set out in May 2018 Cabinet paper, along with a description of the main deficiencies of the building and the economic, social and cultural value of Colston Hall to the city. This was supplemented in June 2019 with a further £3.405m (with the increase funded by agreement with WECA) to account for inflation and a revised programme. The revised sum of £52.2m was reported to Cabinet via Capital Programme Monitor. The Council acts as the Accountable Body for the overall project with ultimate responsibility for underwriting the full costs of the redevelopment. It is also the owner of the freehold of the building and a significant funder of the Bristol Music Trust, which manages Colston Hall.			
Issue Since the commencement of the main building works the project has encountered challenges: <i>Discovery Items</i> Through the development of the RIBA work packages risk management processes have been undertaken. However issues with the building structure have been encountered that no surveys or risk assessment could reasonably have identified given the limited physical access that was available due to the building being operational until demolition works started. During the course of the demolition period a significant number of structural issues and heritage discoveries were made. A full schedule is in Exempt Appendix I1 due to the presence of commercial information but examples include. <ul style="list-style-type: none"> • Additional works caused by building condition being poorer than expected e.g. extent of demolition of parapets and balcony tothing in to the building walls ; • Discovery items such as wing walls and asbestos wool panels sealed in the roof; • Hidden arches that had been made structurally unsound during historic works, covered and not recorded; • The discovery of Elizabethan wells below the floor slab; 			

- Significant remedial works to masonry walls throughout the building;
- Excavation to and through rock in parts of the building;
- Discovery of Asbestos within the Organ Room Slab.

This has meant a significant amount of re design has been required as well as the additional works to resolve the issues, adding substantial time and cost.

Covid-19

Covid-19 has significantly reduced utilisation on-site, further delaying the project. At the height of the lockdown period utilisation was reduced to around 65% at the start of the Pandemic but is now increased to 80% and while this has increased there has been a significant impact on programme due to strict social distancing protocols. In addition to the immediate impact on site works the supply chain for the project has been stretched with delays in material delivery and shortages of products such as concrete.

These two issues have combined to cause significant delays and cost increases.

Bristol Music Trust

Bristol Music Trust was created by Bristol City Council in 2011 to manage the operations of Colston Hall and promote music across the City. Since that time BCC has provided BMT with revenue support and currently invests £1.026m per annum and committed to maintaining that level of investment until 2021/22. BMT is an Arts Council England (ACE) National Portfolio Organisation and as a result receives £224,000 revenue support from ACE; this funding is in place until 2022/23.

In 2019 BCC indicated to BMT that it would provide a reduced level of revenue support of £526k for two years post re-opening. This assurance of the financial sustainability of BMT was a prerequisite of securing significant capital investment in the redevelopment project. BCC was also indicated that from 2024/25 it would start a phased reduction in annual investment with the objective of matching the level of ACE investment by 2028/29.

To maintain its operations during the closure period BMT has used its reserves and initially budgeted for two years (2018/19 and 2019/20). Because the closure has now been significantly extended BMT now require additional revenue support for 2020/21.

The Response

The issues encountered were far greater than a team assessing a building of this type would normally encounter during a risk assessment process. This was first recognised in December 2019, six months into contract, and a number of operational decisions were made to closely monitor the situation, prioritise and identify the quantum of issues and to develop a strategy to manage their impact.

By April 2020 the discovery phase of the project – stripping back the structure so as to assess the full extent of the redevelopment task – was sufficiently well advanced to make it possible to properly assess the potential impact of the discovery items and to commission a full review. This ‘health check’, currently being carried out by cost consultants Aecom and validated by a specialist third party technical consultant with experience in restoring historic cultural buildings, has the following remit:

- to test the efficacy of the approach to date;
- to set out costed options to address the construction issues; and
- to provide programme certainty through robust project control including recommendations on any changes in the approach to contracting and governance.

The work is designed to provide funding partners with the confidence to begin the process of discussing how to agree a revised funding package to enable the project to reach completion.

The Aecom review is still ongoing and expected to report back at the end of July 2020 but throughout the past two months BCC, supported by Aecom, has worked very closely with BMT and funders to ensure that they have been kept up to date. BCC shared a copy of the first draft report with BMT, Arts Council England and Heritage Lottery Fund in June 2020 and WECA has also been briefed. In parallel BCC is carrying out an internal contractual and governance review to ensure that the project is structured to deliver a successful outcome.

Meetings will be scheduled with key funding partners for July and August, once the Aecom report is finalised, with a view to finding a mutually acceptable solution to the budget shortfall. In parallel, BCC officers will continue to work with BMT on the challenges they face from an extended period of closure. Whilst many cultural organisations face a very uncertain future due to Covid-19, BCC has an obligation to ensure that there is an organisation in place to lead the management of Colston Hall once it reopens. Officers will work with BMT on a revenue funding proposal to enable BMT to remain a going concern with the aiming of

making a recommendation to Cabinet in September 2020. This will need to take account of the financial challenges which BCC currently faces.

On July 5th the Government announced a significant cultural sector support package. This included an allocation focused on restarting construction on cultural infrastructure projects in England which were paused due to the coronavirus pandemic. Details on how this fund will be allocated are yet to be provided, but officers will assess whether this could contribute to meeting the budget shortfall.

Discussions have taken place with the Chair of the Overview and Scrutiny Committee (OSM) to ensure that Scrutiny can be fully briefed on the detail of the review being undertaken by Aecom. It has been agreed that that a members briefing session will take place for members of OSM and Growth and Regeneration Scrutiny Committees.

The Cabinet Member / Officer Recommendations:

- 1 To note the challenges that the project faces and the measures that have been taken to manage those issues.
- 2 Subject to discussions with other funders BCC Officers will return to cabinet with a funding proposal for decision with a target date of September 2020.
- 3 To note that Scrutiny members will be fully briefed on the details of the ongoing Aecom review

Corporate Strategy alignment:

Directly supports the Key Commitment Keep Bristol a leading cultural city, helping make culture, sport and play accessible to all.

City Benefits:

- 1) Improves the cultural offering of the city and music industry leading to economic growth.
- 2) Improves music education to circa 90% of children in the City.
- 3) Establishes the national SEND music centre.
- 4) Music also supports improved mental health. <http://www.nature.com/search?q=music+and+mental+health+>
- 5) Support BMT in reducing its financial reliance on the use of public funds

Consultation Details:

All key stakeholders have been consulted on Colston Hall Phase II as part of the RIBA 3 design development including but not limited to;

- Bristol Music Trust
- Arts Council England
- Heritage England
- Planning
- Highways
- Christmas Steps Arts Quarter
- MP House of Commons
- Bristol Cultural Development Partnership
- The Victorian Society
- Twentieth Century Society

Background Documents:

Cabinet Paper May 2018

<https://democracy.bristol.gov.uk/documents/s21414/2018%2004%2023%20Colston%20Hall%20Decision%20pathway.pdf>

Revenue Cost	£ The Council currently provides £1.026m per annum revenue funding to Bristol Music Trust (BMT). This is expected to reduce by £500,000 per annum once the building reopens then reduce incrementally in future years until 2028.	Source of Revenue Funding	<i>General fund budget from Culture Services</i>
Capital Cost	Current Approved budget £10m Underwriting BMT fundraising £5m May 2018 estimated capital cost £48.8m	Source of Capital Funding	<i>. The Council's Prudential borrowing and external public and private funding raised by BMT</i>

	June 2019 WECA uplift budget to £52.2m Revise capital cost tbc (Update Sep 2020)		
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

Finance Advice:
No additional finance advice is required at this time as this paper is an update only. Further input will be provided in the future Cabinet paper on proposed funding solutions. For reference, the source of funds for the current approved budget is as follows:

Funding Source	Amount
BCC	£10,000,000
BCC Underwriting Facility	£5,000,000
ACE inc Central Govt. Funding	£15,180,000
WECA	£8,405,000
NLHF	£4,750,000
Corporates	£750,000
Individuals	£3,000,000
Naming rights	£1,759,947
Trusts & Foundations	£3,360,000
Totals	£52,204,947

Finance Business Partner:

2. Legal Advice: At this time Cabinet is being asked to note the current position and the steps being taken to address the various difficulties with a view to identifying a route to take the project forward. Legal Services are actively involved in providing advice on issues flowing from these difficulties and will provide support on any contractual or associated issues which may flow from the recommendations in the report.

Legal Team Leader: Eric Andrews, Team Leader, Legal Services - 2 July 2020

3. Implications on IT: There are no identifiable IT implications in this initiative.

IT Team Leader:

4. HR Advice: There are no identifiable HR implications in this initiative.

HR Partner:

5. Procurement Advice: There are no identifiable HR implications in this initiative.

Category Manager:

EDM Sign-off		
Cabinet Member sign-off	Cllr Cheney	6 July 2020
For Key Decisions - Mayor's Office sign-off	Mayor's Office	6 July 2020

Appendix A – Further essential background / detail on the proposal A1 – Project Managers Report on Causes of Delay	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	NO
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO