



**Committee Name: Cabinet**

**Committee Date: 08/03/2023**

**Report Title: Adjustment to the general fund capital budget – The Halls**

**Portfolio:** Councillor Giles, Cabinet Member for Community and Wellbeing

**Report from:** Executive director of development and city services

**Wards:** Mancroft

## **OPEN PUBLIC ITEM**

### **Purpose**

To adjust the general fund capital programme to provide additional funds for major repairs and upgrades to The Halls.

### **Recommendation:**

1. To recommend to Council to increase the general fund capital programme by £1.848m (£0.450m in 2023/24 and £1.398m in 2024/25) to enable pressing major repair and upgrade works to The Halls.
2. To delegate authority to the Executive Director of Development and City Services, in consultation with the portfolio holder for Community and Wellbeing, to award the construction contract for The Halls Towns' Deal and condition survey project.

### **Policy Framework**

The Council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city corporate priority

This report meets the treasury management strategy policy adopted by the Council.

### **Report Details**

## Background

1. The Halls is a multi-use cultural venue owned and run by Norwich City Council; it is a Grade I Listed Ancient Monument. The building passed into public ownership during the Reformation in 1538 and is the most intact Medieval friary in England in secular use. For 600 years the Halls, St Andrews and Blackfriars have been used for trading, worship and cultural purposes. Today it is a successful receiving house and the largest concert venue in the city, consisting of:
  - **St Andrews** has an auditorium seating 800 people and a stage and choir stalls which can accommodate orchestras of 100 musicians and choirs of 250. It also has considerable flat floor space, which is used for civic functions, dinners, book fairs, flea markets, parties, conferences and weddings.
  - **Blackfriars** is smaller and can accommodate up to 200 diners for a formal banquet, wedding ceremony, reception, concert or meeting. It has a small stage area.
  - **Becket's Chapel** dates back to 1258. It is a beautiful semi-outdoor space, which retains many interesting Medieval architectural features. The size and dimensions of the space lend it perfectly to wedding ceremonies but it can also be used for many other types of event.
2. This building is the only venue of its kind in the city. It is flexible and has the largest flat floor space of any cultural venue in Norwich. As a vital part of the city's cultural, economic and community life it promotes a mix of professional, amateur and community use and its multi-purpose use is seen as a strength. The Halls are located in the heart of the city and have been a focal point of the Creative Quarter since the 14<sup>th</sup> century.
3. It has the potential to become a change vehicle for how the city's cultural partners operate together, encouraging more creative practice and joint working. For this reason, it became one of the 8 Towns Fund projects approved in July 2021, receiving a total of £3.7m including match funding.
4. The Towns Fund project will install the improvements that enable the transformation of the Halls as a multi-venue arts centre. The technical and building improvements, including modern raked and gallery seating (already completed), increased digital capacity, high-quality audio-visual equipment, improved sound transfer and café/bar provision, as well as major redesign to improve flow and accessibility will make The Halls a modern, fit-for-purpose arts centre with the opportunity for a wide variety of events to be held there greatly improving the users experience and the revenue generated which ensures the space can be maintained

## The Halls Building Condition

5. During the design preparations for the Towns Fund The Halls project, a high-level condition survey was undertaken in August 2022. This survey identified a range of works that were necessary to enable the Towns Fund investment to be delivered. These were estimated at £950k and provision for these have been built into the budget recently agreed.

6. The high-level condition survey recommended further intrusive surveys be carried out. These detailed surveys were completed, and received in January 2023, after the budget papers were written, and identified works required to the roof and windows. This information means that further works of £1.848m have now been identified.
7. The detailed condition surveys received in January 2023, not only developed the likely costs in more detail, but also identified an urgent Health and Safety risk in relation to some windows in St Andrews Hall. Areas around these windows, including a section of St George's Street, have been cordoned off and at the time of writing, protection is being installed directly in front of the windows to mitigate these risks until the works can be completed.
8. If these works are not completed within the next 12 to 24 months, it is possible that it will lead to a complete failure of external walls and roof, which in turn will lead to the closure of the buildings, and costs that are substantially higher than those previously identified. It also renders the Towns Fund project undeliverable.
9. The detailed condition survey highlighted the following works, as urgent (to be done or mitigated immediately):
  - Repair and upgrade of rainwater goods
  - Urgent Repair of stained-glass windows in St Andrews and Blackfriars (this cost is included in the £0.95m request in the February cabinet paper)
  - Repair of areas of masonry
  - Urgent repair of retaining boundary wall in Chapter House
10. It also highlighted the following works to be completed within 24 months (within the Towns Fund project programme):
  - Extensive replacement of roof flashing
  - Repair of timber decay in St Andrews and Blackfriars roof structure
  - Replacement and upgrade of copper roof to St Andrews Hall
  - Replacement and upgrade of secondary glazing in St Andrew's Hall to improve noise transfer and ensure ventilation
  - Repair to collapsed drainage
11. Subject to the budget provision being approved, the addition of the condition survey works significantly increases the scope and costs within The Halls project. These increases will put the project programme under pressure to deliver within the Town Deal Funding timeframes, therefore it is important that the contract award is able to happen quickly when needed. The contract may need to be awarded during the August period, and due to these pressures, a delegated authority to award the contract is sort to avoid any delays.
12. The procurement for these works will be included within the main Towns Fund The Halls project procurement. The consultant team already appointed for The Halls will also manage these works. Therefore, there will not be additional procurement required for these works.

## **Conclusion**

13. The City Council has an obligation to ensure continued preservation of the Listed Building and Scheduled Ancient Monument. Not doing these works puts the longevity of this building at risk, and will likely require the closure of the building, removing an important facility from the community and the revenue to the Council.
14. Undertaking these works will enable that the building to achieve the revenue forecast, following the Towns Fund project.

## **Implications**

### **Financial and Resources**

15. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget.
16. Prior to the detailed condition survey works being completed, based on the high-level condition survey completed in August 2022, £0.950m was included within the 2023/24 general fund capital programme approved by Council on 21<sup>st</sup> February 2023.
17. The detailed building condition surveys and costs, received after the publication of the budget Cabinet report, have subsequently revealed that the cost of the works is significantly higher due to the deterioration of the building. The expected cost of works, including contractor costs, consultant costs, NCC staff costs and 25% contingency is now £2.798m.
18. Although the cost of these repairs are unexpected, we have an opportunity to combine these works with the Towns' Deal funded redevelopment of the Halls. The works will be overseen by The Halls Towns' Fund project team enabling the utilisation of existing internal project team members and professional consultants. It will also reduce the cost of these works if they are combined with refurbishment and tendered to one contractor, saving on prelims and overhead costs (this has been assumed in the cost calculations).
19. The Towns' Deal Funding must be spent and works completed by 31<sup>st</sup> March 2025. The structural works identified in this report, must be completed as part of the Towns' Fund The Halls project or there is a risk of significant delay or potential loss of the Towns' Deal funding for The Halls project.
20. Delivering these works as part of the Towns' Fund project is the most cost-effective approach.
21. A prudent contingency has been allowed due to the age and nature of the building and further survey work, especially around mechanical and engineering elements, which is currently underway.
22. In order to deliver all the necessary works, it is proposed that the general fund capital programme is increased by £1.848m (£0.450m 2023/24 and £1.398m

2024/25). Although it is proposed to fund the additional expenditure from existing general fund capital receipts, these are limited and not currently anticipated to increase beyond the level reflected in the budget report in the foreseeable future. It is likely that there will be a requirement to fund additional projects from this resource in the medium term, which may then necessitate the need to undertake additional borrowing if there are insufficient capital receipts available.

23. Consideration should also be given to funding some of the additional costs from the Towns Fund resource subject to the agreement of DLUH and there being funding headroom within that source.

24. The financial position is summarised in the table below.

<b><i>The Halls Capital Cost as at February 2023</i></b>	
<b>Description</b>	<b>Total £000's</b>
Construction Works	1,653
Contractor OHP and Preliminaries	330
Consultant Fee's	156
NCC Staff Costs	50
Surveys	50
<b>Total Costs</b>	<b>2,238</b>
Contingency 25% of above costs	560
<b>Total Costs (inc. Contingency)</b>	<b>2,798</b>
Funding already agreed	(950)
<b>Capital Funds being requested</b>	<b>1,848</b>

## Legal

25. Legal advice has been provided in the areas of health and safety, listed buildings, duty of care and procurement.
26. Legal will continue to be involved in any necessary advice.

## Statutory Considerations

<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	There is not a direct impact on the equality and diversity, but these works enable the access improvements developed by Towns Fund project that will benefit a greater range of people.

<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
Health, Social and Economic Impact	The Towns Fund improvements to the Halls will improve the economic sustainability of the building by widening its use.
Crime and Disorder	No implications
Children and Adults Safeguarding	No implications
Environmental Impact	Improvements to the overall building including the Towns Fund project will improve the environmental efficiency of The Halls

### **Risk Management**

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Risk of delay to Towns Fund The Halls project.	The Consequence will be that Towns Fund investment cannot be made as they are directly affected by the structural works that need to be carried out beforehand.	The risk assessment should consider: Additional investment within the Towns Fund project programme
Risk of delay to revenue generated by The Halls.	The possibility of the building closure due to safety and/or structural issues, if the works are not done during the Towns Fund project works.	If the works are combined with the Towns Fund project, the building will only need to be closed for the planned period and therefore removing further the impact on revenue.

### **Other Options Considered**

27. Consideration was given to postponing all works until alternative funding is sort, however doing this causes a high Health and Safety risk and neglects the Council's responsibilities of the Listed Building and Scheduled Ancient Monument, this risk is increased an alternative funding source is not currently obvious. Delay also puts at risk the Towns Fund project, as the project works should not be carried out prior to the structural works.
28. Consideration was given to only carrying out the immediate works within the Towns Fund project, however this would mean that The Halls as a venue would then need to be closed down in 18-24 months (likely to be just after the completion of The Halls project). This would not only impact significantly on the revenue generated by the Halls but would also affect the community users and add cost to the build programme.

### **Reasons for the decision/recommendation**

29. The reason for recommendation is to ensure The Halls are improved and maintained to safeguard their future, and to ensure that any identified Health and Safety risks are adequately resolved. The funding will also ensure that all of the Towns Fund project remains viable.

30. The reason for the recommendation to delegate authority to award the construction contract, is to ensure the projects momentum can be continued and a contractor award can be issued when required without any delay to the strict programme for the Towns Fund project or put at risk the DLUHC set deadlines.

**Background papers:**

None

**Appendices:**

The detailed condition survey referred to in this report, can be accessed [here](#).

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