

<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>18 March 2015</b>
<b>Subject:</b>	<b>Devonshire Park Project</b>
<b>Report of:</b>	Senior Head of Regeneration, Planning and Assets, and Senior Head of Tourism and Enterprise
<b>Ward(s)</b>	Meads
<b>Purpose</b>	To consider the proposal for the future development of Devonshire Park to create a cultural destination.
<b>Decision type:</b>	Key Decision
<b>Recommendation:</b>	Cabinet is recommended to: <ul style="list-style-type: none"> <li>a) Confirm support for the emerging Devonshire Park Scheme as presented in this report;</li> <li>b) Give delegated authority to the Senior Head of Regeneration, Planning and Assets in consultation with the Devonshire Park Project Board, to progress the project to obtain planning permission (RIBA Stage 3) and make submissions to funding bodies to attract financial support for the scheme;</li> <li>c) Confirm the appointment of the existing Multi-Disciplinary Design Team to carry out the necessary work to obtain planning permission for the project.</li> <li>d) Allocate £1.425m in the capital programme in order to carry out all the necessary work to stage 3 and the preliminary elements of stage 4 necessary to maintain momentum;</li> <li>e) Earmark £1m of the Council's revenue reserves in order to support the scheme beyond Stage 3.</li> </ul>
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## **1.0 Vision and Objectives**

- 1.1 The Council has ambitious plans to bring about the transformation of the town and these visions are embedded in the Corporate Plan. Whether this is facilitating the regeneration of the town centre by encouraging the private sector to invest £90million in the extension of the Arndale Centre, or

providing new innovative business space at Sovereign Harbour to expand the town's skill base, the Council is at the heart of ensuring delivery of the some of the largest regeneration projects the town has recently seen. The Devonshire Park project is another ambitious scheme to see the regeneration of the town's cultural quarter. Since the start of the review of the Devonshire Park Complex there has been a clear vision to create a cultural destination and for it to be one of the most talked about locations in the South East.

1.2 To achieve this the Council set out to fulfil a number of aims:-

- Deal with all the necessary essential repairs to those buildings that are being retained in the new development - the stand still cost of this work has been estimated at some £7.5m;
- Understand the significance of the three listed buildings and carry out sensitive renovations;
- Upgrade the facilities in the buildings to enable them to be better and more fully used;
- Preserve the future of the international tennis tournament;
- Create better conference facilities;
- Create a new entrance to 'Welcome' the visitors and users and make the site more inclusive;
- Create significant new public realm to provide an appropriate civic setting for the new complex;
- Develop a more sustainable future for the site, reducing subsidy and increasing income.

1.3 This report builds on previous work and drives forward the programme by seeking delegated authority to progress the scheme to planning permission (RIBA Stage 3), make submissions to major funding bodies for financial support, confirm the retention of the existing consultancy team and approve expenditure of up to £1,425,000 to fund the necessary work between now and the next Cabinet report expected to be in the coming autumn.

## **2.0 Approach**

2.1 To achieve the Vision and Objectives the Council adopted a structured approach, involving detailed analysis of the site's heritage, access and sustainability issues, design options and the business case for change. In parallel with this strategic approach, a decision was made to proceed with the essential repairs to the exterior of the Congress Theatre as this would not affect the strategic approach. The replacement of the façade to the Congress Theatre will be completed and the scaffolding removed in April ready for the summer season.

2.2 This approach has been approved by members in a series of Cabinet reports:-

- 20 October 2010 – this report triggered by the failure of the concrete cladding of the Congress Theatre led the Council to commission a strategic review of options for the future of the Devonshire Park

Complex.

- 14 December 2011 – the strategic review referred to above, led to the appointment of Marks Barfield architects. The architects proposed a number of options for the regeneration of the site and the council opted for the creation of a new “front door” to the site (now known as the Welcome Building) and a sensitive restoration and repurpose of the other buildings and the wider site.
- 12 December 2012 – following this approval, Marks Barfield, together with business planning consultants David Clarke Associates, were commissioned to develop a Masterplan which respects the heritage of the site and sets out how the financial performance could be improved through increased income and reduced running costs. The plan also highlights initial options for the future governance of the site. Based on this work the council agreed to progress the scheme to RIBA Stage C (now known as Stage 2).
- 16 July 2014 – following the appointment of Focus Consultants as external project managers Cabinet approved a revised budget of £950,000 to fund the full architectural and specialist advisor team needed to progress the project to RIBA Stage 2. Subsequent to the Cabinet, Levitt Bernstein, heritage architects, and a full team of building and theatre specialists were appointed. In addition the council has retained David Clarke Associates to continue developing the business plan and future governance models and employed Huntley Cartwright as quantity surveyors to manage costs.

### **3.0 Business Case**

#### **3.1 Work undertaken**

The last review of the business case for investment in Devonshire Park was undertaken in summer 2013. In the new stage of work from autumn 2014, the business case has been revisited in detail, including:

- Work with the design team to ensure the business case and future forecasts of business have informed, and now reflect, the new design scheme for the site;
- Working in detail with the team at Devonshire Park to ensure that the long term forecast for business reflects current practice;
- Full review of catering and conference markets in light of national and regional trends and comparators/competition for Devonshire Park;
- Full, detailed, revised forecasting of all business and cost and income projections for the renewed site.

The new scheme provides an elegant and effective basis for confidence that significant improvement in the financial operation of the site and its economic benefit to the town can be achieved.

Financial sustainability will be very significantly improved by the scheme and substantial new economic impact to the town and regional economy will be generated.

The developing scheme has been tested against the core business case drivers at each stage to ensure the optimum priorities are set. These drivers are outlined below in the order of their importance to the business case.

#### **Key financial drivers**

1. Conference/events – transform performance in the ‘distinctive venue’ market;
2. Catering & visitor spends – essential quality offer & significant income driver;
3. Theatre/live entertainment business – working main venues harder;
4. An accessible visible, quality, visitor attraction, efficiently operable.

#### **Financial benefits to the town other than through the Devonshire Park account**

5. Tennis – important to the economy and reputation of the town;
6. Driving the local hospitality economy through conference and event business;
7. Tourism – driving prosperity and general job creation.

### **3.2 Improvements in business and viability**

There will be significant improvement in trade in the core business of arts and entertainment provision as well as in the conference and catering. The important role of the site in hosting the international tennis tournament will be safeguarded.

Central to the viability of the site and its economic value to the town, there will be substantially increased conference business where we forecast that once renewed, the site will host in the order of 350 events a year of varying sizes. While many will continue to be in the association and charity sector, financial yields will rise and new business can be expected in the higher value corporate sector. In total we expect conference income in the order of £1.7m per annum, of which over £500k will be income through hiring the venue.

Catering incomes will improve given the new provision of two very attractive public catering spaces and the potential for increased food and beverage sales to conference organizers. In total we anticipate catering turnover in the order of £1.44m and net receipts/savings after all costs of £265k per annum.

### **3.3 Overall financial impact**

The analysis shows that the site will move to a much more viable basis of operation on completion of the works. From a current subsidy in the order of £1.17m per annum, we anticipate that, after new investments in service to conferences and in managing and marketing the site, the new scheme will move Devonshire Park to a position of small residual deficit year on year – an overall improvement over the current basis in the order of £815,000 per annum. Further savings in central costs and other areas may follow from the

review of governance and management at the next stage and move Devonshire Park to modest surplus. (see Appendix 1 for a summary of the Business Case).

### **3.4 Build-up of income, risk and sensitivity**

There are a number of challenges to overcome in the business model, but these were significantly addressed in this stage. We had previously been concerned about the potential disruption to activity and income during the works. This remains a significant challenge but the proposed construction plan is driven by the need to maintain business as far as is possible, and does so very effectively. We also believe that income can build up to the level set out above relatively quickly once works are complete. Whilst there are risks in growing the business, each forecast for new business is based in detailed market appraisal and is kept to relatively modest levels. Overall the sensitivity of the plan to change is relatively modest for a scheme of this size.

There are further potential savings in costs to the Council that may be generated by the full review of the options for future management and for commercial partnership, which will be undertaken in the next work stage.

### **3.5 Next steps**

In the next stage of work, the business plan for the period of the works and for the re-launch of the site will be finalised, including resolution of options for governance and management.

## **4.0 Design Team Appointment**

4.1 As explained in previous Cabinet reports, the Multi-Disciplinary Design Team was appointed in August 2014 in accordance with OJEU procurement regulations. The Lead Architect is Levitt Bernstein who is directly supported by various specialists for the duration of the project until 2020. It is noteworthy that a long term appointment is considered expedient to ensure a consistent approach and long-term continuity.

4.2 In addition to the design team, Quantity Surveyors, Huntley Cartwright, have also been appointed directly reporting to the Council to monitor project costs.

4.3 In November 2014, David Clark Associates, Business Planning Consultants (including conference, catering and retail specialists) and Neill Woodger Associates, Theatre Planners and Acousticians were appointed by the Council to support the design team.

4.4 The overall Project Manager and CDM coordinator for the Project is Focus Consulting who report directly to the Council.

4.5 See Appendix 2 for details of the Multi-Disciplinary Design Team and other specialists.

## **5.0 Project Budget**

- 5.1 As previously reported the projected cost for the Masterplan in 2012 was £35m. In the interim the construction market has experienced a substantial upturn and construction inflation levels have risen from 1–2% to 5–6% year on year. Therefore applying inflation to the Masterplan estimate results in a scheme approximately £8m above the £35m budget.
- 5.2 The new design team have reviewed the brief and design response to ensure the project is delivering efficiently and providing value for money. This process included expanding the project to price every option available before filtering down to the core brief, that is, the items most critical to delivering the business case drivers and the qualitative aspirations of the brief.

As a result, the new scheme still delivers the Masterplan objectives but in a more sensitive and effective manner. The costs associated with this have been thoroughly analysed and considered and this has resulted in a scheme deliverable to a budget of £40- £42 million including inflation, fees and a reasonable contingency. Further detailed work during Stage 3 will refine this estimate as risks are reduced with a more defined scheme.

- 5.3 The following assumptions have been made in coming to the estimated cost:
1. 5.25% inflation per year.
  2. Contingency of 10% is allowed taking into account the risk register.
  3. Costs are based on concept designs which are relatively high level. As the design develops so too will the Cost Plan to provide more accurate and market tested costings.
- 5.4 This report is seeking commitment of £1.425m which comprises professional team fees and associated costs to complete Stage 3 – Developed Design of the project including preparation and submission of Planning Application and Listed Building Consents. It also includes an element of "at risk" working to continue into Stage 4 – Technical Design for the Devonshire Park Theatre and International Tennis Centre (ITC) refurbishment work whilst planning is determined. This is necessary to maintain programme and minimise the impact of inflation. The level of risk is low for both these elements as planning permission will not be required for the ITC works and, whilst planning and listed building consent are required for the works to the Devonshire Park Theatre, the works are repair and restoration and therefore non-contentious and likely to secure permission.

## **6.0 Constraints**

- 6.1 This section highlights the main constraints for the site that the design team have been dealing with and which in summary are:-
- The need for government consent to alter the 3 listed buildings;
  - The limitations on the site to accommodate the future needs of the LTA;
  - The accessibility of the site and connectivity between the buildings;
  - The need to carry out work at risk to ensure a tight construction programme.

- 6.2 There are 3 listed buildings on the site, the Congress Theatre (Grade 2\* Listed) and the Winter Garden and Devonshire Park Theatre (both Grade 2 Listed). These buildings have long term defects which will require sympathetic restoration requiring English Heritage approval and Listed Building Consent, as the works will involve modifications and in some cases material replacement (similar to the Congress façade restoration, as opposed to simple 'like for like' repairs). Additionally, as these buildings are owned by The Council, the Listed Building Consent will require approval by the Department of Communities and Local Government.
- 6.3 A key stakeholder in the in the project is the Lawn Tennis Association (LTA). The project will need to deliver significant improvements to the tennis court layout to accommodate increased court sizes together with a new show court and the LTA will also be keen to see significant improvements to the player facilities. The increase in court size is to allow for greater space behind the 'backline' as players serve faster. The impact of this will be to reduce the available space on the lawn area for new construction which has been achieved mainly by the demolition of the 'temporary' Devonshire Park Halls and re-accommodating the lost space in the semi basement new Welcome Building. It is also important that as much of the current parking space in College Road is retained which has also reduced the available space for new courts. A new show court is required to provide more seating for the top matches. Improvements in player facilities are planned, both to future-proof the tournament and reduce the LTA's annual tournament revenue costs by reducing the need for creating expensive temporary facilities.
- 6.4 The buildings, in particular the Theatres, as they are currently arranged, present significant challenges for disabled access and the topography of the site presents design challenges in terms of the varying levels throughout the site which hinders connectivity between buildings. This challenge is being addressed in the new scheme.
- 6.5 The construction phase of the project is scheduled to begin in April 2016 and will be completed in early 2020. During this period it will be necessary to shut down both the Congress and Winter Garden at the same time for a period of approximately 6 months from January to June 2018. It will also require a break in the show programme which will have to be adjusted accordingly. Notwithstanding, the Devonshire Park Theatre programme should not be affected during this period and the tennis tournament will go ahead throughout the construction phase. Importantly the Christmas pantomime will not be affected by this programme.

## **7.0 Developing the Scheme**

- 7.1 In developing the scheme the Multi Disciplinary Design Team ensured that the emerging design took into account the business plan. This is critical as the scheme must reduce operational costs while increase income streams to ensure it is viable. This involved considering the implications for the business case as each design solution was considered. This process helped the design team to focus on the critical elements that met the key objectives. The emerging proposals were then shared with operational managers, key

commercial partners, English Heritage and a wide range of stakeholders to identify and then evaluate a range of options.

- 7.2 This resulted in some key decisions about what was to be included in the design of the proposed scheme, and what would not be pursued. For example the emerging scheme is not proposing an underground car park. However one of the key objectives was to ensure easy access for users of the new conference space, particularly for large exhibitions, so the two new spaces in the Welcome Building have ground level vehicular access from the rear. The Winter Garden already has level access for vehicles and together with the new spaces, makes Devonshire Park very attractive for conference and exhibition users.

## **8.0 Consultation**

- 8.1 The current project has been guided by regular meetings of the cross party member led Devonshire Park Project Board. The membership of the Project Board and its remit can be found in Appendix 3.
- 8.2 The Project Board has been assisted by a Partnership Group, who represent a range of organisations and groups that have an interest in the site and its function. For example the Chamber of Commerce are represented because of the economic benefit of the site to the town; the Eastbourne Hospitality Association is represented as the site is a significant draw for the visitors to the town; the Lawn Tennis Association is represented for obvious reasons. Some of the attendees are consultees on planning applications, such English Heritage and the Theatres Trust. A full list of the membership of the Partnership Group is in Appendix 3 together with their remit.
- 8.3 As the scheme developed these two groups were kept informed and gave feedback on the emerging proposals. The information was further enhanced with regular newsletters for wider circulation as well as updates on a dedicated area of the Council's website.
- 8.4 Extensive consultation has also been carried out with the onsite operational teams. This was important to ensure practical solutions to current issues and inefficiencies were being developed alongside the emerging design. Besides operational managers being part of the Partnership Group, they had direct access on a one to one basis to the design team through detailed working groups.
- 8.5 The format of this arrangement has worked well as a way to scrutinise the project and to keep all the key people informed of progress. Consequently the current established arrangements are discussed further elsewhere in this report as the governance model to take the project to the next stage.

## **9.0 The Design Solution**

### **9.1 Preferred Design**

This section summarises the design proposals for Devonshire Park at completion of RIBA Stage 2: Concept Design. Stage 3 will develop the design in response to stakeholder feedback in preparation for an application



for full planning and listed building consent in the late summer of 2015. Extensive analysis, options appraisals, consultation with key stakeholders and discussions with the commissioning and building-user clients underpin the proposed work. The next paragraphs give a brief outline the scheme as proposed for Stage 2 and Appendix 4 contains the concept drawings of the proposal.

## 9.2 **Design & Heritage Overview**

A key element of the brief has been to invest primarily in improving the historic buildings and to add new facilities only where these are essential for new and increased income. There is no doubt that the project will also deliver significant benefits for local people, local businesses and visitors alike.

## 9.3 **Landscape/Public Realm**

The proposed plaza offers a new high quality public realm that aims to integrate the site with the surrounding context and maximise the project's contribution to the wider regeneration of Eastbourne.

## 9.4 **Congress Theatre**

Proposals for the 1963 Grade II\* listed Congress Theatre seek to improve its setting, complete its exterior restoration, restore the original interior design, improve accessibility, and improve comfort and facilities for audiences and performers. The addition of cooling is proposed for the auditorium.

## 9.5 **Winter Garden**

Originally built in 1874 for uses including roller skating and concerts, proposals for the Grade II listed Winter Garden seek to enhance the historic character of its exterior and interior, improve accessibility throughout, reduce overheating in the venues, improve facilities for all users and increase revenue generation.

## 9.6 **Welcome Building**

The Welcome Building is a new building located on the site of the Congress Banqueting Suite, which will be demolished as it is considered to have low heritage significance. The preferred design proposals include two new large conference spaces (replacing the Devonshire Park Halls) set partly below ground and under a highly glazed pavilion accommodating central box office, coffee/wine bar and breakout/hospitality space.

Conceptually, the Welcome Building's design interweaves the rectilinearity of the Congress Theatre with the elegance and engineering rational of the Winter Garden thereby lending a unique identity to the new building that is sympathetic to both historic buildings.

## 9.7 **Devonshire Park Theatre**

This project intends to complete the essential repairs and back-log maintenance in order to safeguard this Grade II listed playhouse, and improve access arrangements for disabled people. It is the intention that works to the theatre will be an early phase in the programme.

## 9.8 **Racquet Court**

Owing to its location the Racquet Court is not well integrated with the other venues. It is therefore proposed, for the time being, to continue its use as essential support and storage space. It will be subject to essential repairs.

### 9.9 **Tennis**

The focus for change is on the provision of better playing and support facilities for the International Event (currently sponsored by Aegon). The preferred tennis field layout contains a new show court and increased footprints for individual match courts. There is reduction from 13 to 12 courts for the International Event to enable existing parking provision to be maintained. However, additional court capability at Meads Lawn offers flexibility for major events.

### 9.10 **Catering**

The catering design proposes a single production kitchen serving dinners/banquets in the Floral Hall and Gold Room, a new café/bar serving 'light bites' at The Congress Theatre entrance level, and various pantries to facilitate food service where required by the business case. Acceptable delivery routes have been mapped-out by the catering consultant in collaboration with the venue's management team and architect.

## 10.0 **Programme and Phasing**

### 10.1 Programme Overview

<b>Milestones</b>	<b>Date</b>
Cabinet Meeting and Instruction to Proceed	March 2015
RIBA Stage 3 – Developed Design	April 2015 – December 2015
RIBA Stage 4 – Technical Design	August 2015* – June 2016
Production/ Tender Documentation / Tender Action	November 2015 – March 2017
RIBA Stages 5-6 – Construction & Handover	April 2016 – December 2019
RIBA Stage 7 – In Use Study and Defects Liability	Completes December 2020

\*This stage starts earlier than the end of Stage 3 in order to commence certain work phases (1 and 2.1) earlier in the programme - see para 10.2.

10.2 It is planned to split the project into different phases. This has been planned in order to ensure as much "business as usual" as possible and also minimise the impact of inflation.

Phase 0	Tennis Pavilion and ITC Construction Works
Phase 1	Devonshire Park Theatre
Phase 2.1	Office Building

Phase 2.2	Welcome Building & Congress Theatre
Phase 3.1	Demolition of Devonshire Park Halls
Phase 3.2	Tennis Courts layout
Phase 4	Winter Gardens

In order to keep works progressing and maintain momentum on site, it is proposed to begin Phases 0, 1 and 2.1 to start on site in late Spring 2016. This necessitates an element of "at risk" working whilst the planning application is determined on these phases. However, it is considered to be relatively low risk for these phases as Phases 0 and 2.1 do not require planning permission, Phase 1 will require consent however the works are non-contentious and will involve restoring and conserving the historic fabric. Therefore no issues are anticipated securing planning and listed building consent for these works before they are due to start.

- 10.3 The design team is aware of the impact of the works and the need where possible to retain 'business as usual'. Considering the significant intervention on the site this key objective has largely been met over the first two years of works with minimal closures. However the programme does necessitate the need to have a 'dark period' for both the Winter Garden and The Congress Theatre at the same time between January and June 2018. This is necessary to enable their restoration and new equipment installation. This period does not affect the international tennis event and is sufficiently ahead to minimise the impact on bookings.

## **11.0 Funding**

- 11.1 An outline Funding Strategy has been produced as part of the Stage 2 application which sets out a range of funding streams (see background papers). Given the scale and costs of the capital expenditure, officers have identified three funders to focus on:

### **11.2 Heritage Lottery Fund (HLF):**

The HLF funds projects which produce a lasting difference for heritage and people. Applications are assessed through two staged process and dates for assessment are now available. The council would be looking to secure a decision by November 2015.

### **11.3 Arts Council England**

Arts Council England (ACE) has a number of planned Strategic funding programmes for 2015-18. The Council believe it has a strong alignment with the ACE priorities.

### **11.4. Local Economic Partnership**

Eastbourne is part of the South East LEP and has had recent success in securing funding for other infrastructure projects from this source. At present there are no calls for heritage/cultural regeneration capital scheme but we have commenced early discussions with the LEP about the project and will continue to play an active part in the partnership.

### **11.5 Lawn Tennis Association**

As a key partner on the site, the Council and our project consultants have

worked proactively with the LTA. One of our drivers is to jointly secure the future of Eastbourne as an international tennis venue meeting international court standards. The Council believes this will add significant value to the tournament and will reduce the annual revenue pressures for the LTA.

## **12.0 Procurement**

12.1 The Multi-Disciplinary Design Team has been procured for the full life of the project but with a break clause within the appointment to allow for the contract to be ended by the Council at any point without penalty. This enables consistency of team throughout whilst also ensuring there isn't undue commitment by the Council in the early stages of the project.

12.2 Given the nature of the works, it is generally felt that the traditional tendering route is the most appropriate for the building works. This entails full design resulting in the compilation of a schedule of works or Bill of Quantities, which is then used to tender.

The benefits of this route are that it gives a fixed lump sum price with clear rates against which to value any variations and gives high quality with cost and programme certainty. It does require sufficient time to fully design the scheme but this is considered beneficial when dealing with buildings of historic significance.

12.3 Due to the estimated construction costs, the procurement will require an OJEU approach. The construction work will be phased due to the complexity, and the different and unique nature of each of the phases. The procurement will take account of this and approximately 88 weeks has been allowed in the programme, starting in August 2015, to undertake the entire procurement process, including the bills of quantity and detailed design.

## **13.0 Risk**

13.1 A comprehensive risk matrix has been developed by The Council and Focus which has been captured in Covalent. The strategic risks for the project and their mitigation are summarised as follows:

- **Budget overrun;** Cost Consultants Huntley Cartwright have been appointed directly by the Council to estimate and monitor project costs for the duration of the project to ensure it aligns with the budget set by Cabinet.
- **Programme overruns;** detailed work has been undertaken by the design team to develop the programme and a specific Phasing Working Group has been set up to oversee the process.
- **Business continuity;** some interruption to business activity is required to undertake significant restoration and equipment installation, however a Working Group has been instigated to monitor this and introduce mitigation wherever possible.
- **Achieving Listed Building approval;** English Heritage have been, and will continue to be, consulted on a continuous basis throughout the duration of the project to ensure they are fully cognisant of the design proposals and are also represented on the Partnership Group. The recently completed Conservation Management Plan will be used to

inform conservation work and, aside from some concerns, English Heritage has indicated that overall, the project will deliver positive heritage benefits. The listed buildings will also require 'opening up' at the earliest opportunity to understand the potential design issues which will need to be addressed

- **Future business assumptions;** a detailed evaluation of the business case has been undertaken by a specialist consultant that confirms and supports the design principles of the project. The same specialist has also been commissioned, with additional support from Catering, Conference and Retail consultants, to continue to provide advice on the business planning aspect and future governance to ensure that optimum commerciality is achieved for the site.

## **14.0 Governance**

14.1 As discussed elsewhere in the report, the governance framework set up to guide the development to RIBA Stage 2 has been road-tested and worked very well and the broad framework will be retained. However it was found useful in undertaking the work to supplement the structure with themed working groups where a more in depth analysis of the proposals could be undertaken. These groups worked directly with the Design Team and proved an efficient way to channel the operational manager's views and ideas into the design process. The recommended and amended governance structure diagram can be found at Appendix 5.

## **15.0 Finance**

15.1 As part of the next phase of work on the business case, financing options will be developed. The effect on the Council's finances has three elements:

- The revenue cost of business disruption whilst construction is underway;
- The cost of business development required in order to grow the business plan until it realises its potential;
- The revenue cost of borrowing (interest and minimum Revenue Provision) to finance the capital required.

15.2 The first two elements of this will require immediate revenue funding and therefore this report seeks to set aside £1m in order to act as a fund to facilitate the build phase and business development required before the Business Plan is achieved. This would also act as a hedge against the scheme not going forward beyond Stage 3, as costs accrued so far would not be associated with a future construction and become chargeable to revenue.

15.3 The final element is the revenue cost of the construction following any grants, contributions or capital receipts.

The business plan improvement of £815,000 could support borrowing in the region of £15-£20m depending on interest rates and the length of repayment.

In order to fund the difference between that total and the net scheme total the Council would have two choices:

- To generate capital receipts
- To borrow the residual amount

Or a combination of the two.

- 15.4 The Council is pursuing an ambitious target of an additional £600,000 per annum of growth in its capital financing budget in the lifetime of the current MTFs. Should all this be achieved then the Council could support the scheme up to a net total of £30 -£35m after contributions, using a long term MRP (60 years) at the current low interest rates.

Should this growth not be achieved the Council will need to fund any gap using capital receipts or improved investment yield from capital receipts.

- 15.5 Consequently at this concept stage of the project, there is an appropriate level of confidence in finding the funding for the emerging scheme valued at between £40-£42m. The sources of funding will be further informed and refined at a future Cabinet meeting later this year, when a further report will be presented before a decision is made by Full Council to commit to the significant bulk of the expenditure.

## **16.0 Legal**

### **16.1 Procurement/contracts**

A detailed procurement strategy will be developed as a priority early in Stage 3. It is currently proposed that a 'traditional' approach via an OJEU process is adopted taking into account the New Procurement Regulations effective from 26<sup>th</sup> February 2015.

The Public Services (Social Value) Act 2012 sets out the requirement that all contracting authorities consider before procuring services how what they may buy might improve the economic, social and environmental well-being of the area. As indicated in the last report to Cabinet, this project has been designed in such a way as to ensure that potential social benefits (defined in such a way as to ensure that there is no discrimination against bidders across the EU) will be considered at each stage of the project.

### **State Aid**

In December 2013, Cabinet considered legal advice in relation to the Council's proposed financial support to the Devonshire Park project and agreed European Commission notification was not required. This will be kept under review to ensure compliance with State Aid legislation.

### **Property**

The site and buildings are owned by EBC with the exception of the Buccaneer PH and associated toilets for which lease arrangements are in place. No change is proposed to this in the scheme as proposed.

### **Licenses/Agreements**

The Towner is leased to the recently established Towner Trust for a period of 30 years. In addition, there is an agreement for LTA to use Towner during the main tournament.

There is also a 43 year User License between the Council and the LTA dating from 1997 to permit the LTA to use the site during Tournaments.

## **17.0 Equality**

17.1 It is considered that this project will deliver substantial improvements to access throughout the site for visitors, performers and staff and will, therefore contribute significantly to the 'disability' protected group. A specialist Access consultant has been appointed to advise the design team for the duration of the project who will undertake a detailed evaluation of front of house, back stage facilities and layout and make appropriate recommendations for improvements to access, audio/visual aids, WC facilities, lighting/décor, signage, seating door automation etc.

17.2 It is intended to undertake a formal Equalities Impact Analysis in the next stage of the design process.

## **18.0 Conclusions**

18.1 In July 2014 Cabinet gave authority for officers to engage a Multi-Disciplinary Design Team to take the Marks Barfield Masterplan to the next level of detail, known as RIBA Stage 2. That work has been completed and the conclusion is that the vision the Council has for the Devonshire Park site can be achieved within a cost envelope of approximately £40- £42million.

18.2 Significant analysis has been undertaken of how the site can be developed and meets the objectives the Council has set for its future. This has included a forensic analysis of the business case to validate the savings to be achieved through efficiencies and the generation of new and increased income streams.

18.3 An analysis of funding sources has shown that grants are available which might potentially assist with the funding of the scheme. Together with the Council's ability to borrow using its savings from the medium term financial strategy, the conclusion is that the scheme is fundable. This Report seeks authority to take the scheme to the next stage of achieving planning permission only (RIBA Stage 3) by which time the financial position will be more certain. The Council will receive a further report after Stage 3 at which time it will be in a position to decide, on the balance of risks, whether to go forward and commission the development.

**Jefferson Collard**  
**Senior Head of Regeneration, Planning and Assets**

**Background papers**

The background papers used in compiling this report were as follows:

- The minutes of the Cabinet meetings on:-
  - 20 October 2010
  - 14 December 2011
  - 12 December 2012
  - 16 July 2014
- RIBA Stage 2 Report dated March 2015 by Levitt Bernstein
- Business Case Report dated February 2015 by David Clarke Associates
- Devonshire Park Funding Strategy dated January 2015 by Focus Consulting

To inspect or obtain copies of background papers please refer to the contact officer listed above.

<b>Appendices</b>	
1.	Summary of the Business Case
2.	Multi Disciplinary Design Team Members
3.	Remit and Membership of the Project Board and Partnership Group
4.	Overview of the Stage 2 Concept Plans
5.	Governance Diagram



## **Appendix 1 – Summary of the Business Case**

Eastbourne Borough Council



Devonshire Park – Business Case for Investment

Summary of Stage 2 Report – February 2015

Business planning and summary conclusions

1. Eastbourne Borough Council commissioned us in November 2014 to review the business case for investment in the renewal of Devonshire Park alongside the emerging plans to RIBA Stage 2 being prepared by the multi-disciplinary design team led by architects Levitt Bernstein.
2. Our team for this stage of work consisted of DCA (overall business plan and financial analysis, performing arts and general market appraisal), Venues Advisor who have carried out a renewed analysis and forecast of the conference and events market and Kendrick Hobbs who have similarly undertaken a renewed analysis of the catering opportunities on the site.
3. The conclusion of our work endorses the level of ambition and vision with which the Council have approached the renewal of Devonshire Park.
4. Although the buildings and environment of Devonshire Park are suffering from dilapidation and the inappropriateness of various incremental structures and facilities added over the years, the business at its core has very significant potential.
5. There are few cultural sites that continue to claim more than 230,000 ticketed admissions to programme per annum and over 100,000 visits to exhibitions, other cultural activities and engagement projects, plus at least this number again attending tennis tournaments, conferences and events and generally visiting the site.
6. In the economy of the town this is very significant. The Devonshire Park operation spends some £7.5m per annum and, even if only a proportion of this is spent in the local economy, Devonshire Park constitutes one of the larger purchasers of local services and supplies.
7. Of this, almost £2m is spent in salaries and wages in the business we are considering as part of this work - the site is a significant employer offering stable and rewarding jobs in the local economy.
8. It has been estimated that visitors to the Park have a direct effect in the town's economy of over £7m per annum. The real effect may be much larger if one considers the value of national coverage of, and recognition for, the major tennis tournament.
9. With a footfall of 400,000 visits a year the site has a strong business basis to build on. The challenge for the Council has been to develop a scheme that

respects the heritage value and distinctiveness of the site, offers facilities for the retention and development of current business and the development of new activities and markets for the future.

10. The biggest asset of the site in the markets in which it has to earn its income is its architectural and social significance and the quality and uniqueness of the site.
11. The Congress Theatre and Winter Garden must be conserved and brought up to standard to enable uses for theatre, music, dinners and events that meet the standards expected by modern audiences and customers, whilst celebrating and revealing their historic quality.
12. We expect that the improved and more efficient theatres will generate both increased frequency of theatre, music and entertainment events, particularly in the Winter Garden, and in ticket sales, contributing to the financial improvement of the business.
13. There is significant new conference and event business to be generated which will make a key contribution to the economy of the site and of the town, but these uses demand a particular and precise arrangement of spaces and facilities, and, in the modern era, full accessibility and break out spaces for a diversity of uses.
14. We forecast that once renewed, the site will host in the order of 353 events a year of varying sizes. While many will continue to be in the association and charity sector, financial yields will rise and new business can be expected in the higher value corporate sector. In total we expect conference income in the order of £1.7m per annum, of which some £531k will be hires income.
15. Catering incomes will improve given the new provision of two very attractive public catering spaces and the potential for increased food and beverage sales to conference organizers. In total we anticipate catering turnover in the order of £1.44m and net receipts/savings after all costs of £265k per annum.
16. Together with the safeguarding and improvement to facilities of the international tennis tournament, we are confident that the site will move to a much more viable basis of operation on completion of the works.
17. From a current subsidy in the order of £1.17m per annum, we anticipate that, after new investments in service to conferences and in managing and marketing the site, the new scheme will see Devonshire Park achieve new incomes and savings of just over £1m per annum, of which we recommend that £267,500 is reinvested annually in improved marketing and in new artistic programmes to reach and develop audiences.

Brackets indicate a cost/deficit	£
Total Subsidy cost now (14/15 budget) (a)	(1,172,100)
Total improvement consequent on redevelopment	+1,082,018
Net cost to EBC after works	(90,083)

New investments in conference/programme support	(267,500)
Profit after works and investments (b)	(357,583)
Difference (a-b)	+814,518

18. Overall, the annual improvement in the financial outturn of the site, over the current basis, will be in the order of £814,000 per annum.
19. Overall, the proposed scheme developed in this Stage 2 process elegantly and effectively supports this substantial business improvement and its impact for the town.

DCA  
February 2015

## **Appendix 2 – Multi Disciplinary Design Team.**

The full team of consultants that are assisting the Council to achieve RIBA Stage 3 are as follows:-

The Team contracted to the architects are:-

- Levitt Bernstein (Lead)
- Edge Structures (Structural Engineers)
- Levitt Bernstein (Landscape architects)
- Trio Plus Ltd (Tennis Specialists)
- Max Fordham (Mechanical Engineering)
- Project Centre Ltd (Transport Specialists)
- All Clear (Accessibility Specialists)
- Exova (Fire Specialists)

The support Team contracted to Eastbourne Borough Council are:-

- Focus (Project Managers)
- Denton's (Lawyers)
- Huntley Cartwright (Quantity Surveyors)
- David Clarke Assoc. (Business Planning)
- David Clarke Assoc. (Business Case)
- Neil Woodyer (Theatre Consultant)
- Sam Wise (Acoustics)
- Kendrick's Hobbs (Catering)
- Venueadvisor (Conference)
- Quince Retail (Retail)
- SLS Coastway (Surveys)
- Purcell's (Conservation Management Plan)
- Focus (Funding Strategy)

## **Appendix 3 - The Remit and Membership of the Project Board and Partnership Group**

### **Devonshire Park Project Board; Terms of Reference**

#### **Background**

Devonshire Park is owned by Eastbourne Borough Council who has an ambition to see it become a cultural destination. A complex and large work programme is needed to achieve this objective. The Project Board is not a decision making Board and was set up with authority from Cabinet.

#### **Function of the Project Board**

The function of the Project Board is to oversee the strategic direction of the project, advising on realising the benefits, and monitoring risks, quality and timeliness.

#### **Role of the Project Board**

The role of the Project Board is to:

- Be a Champion for and understand the strategic implications and outcomes of the project.
- Project monitoring and scope checking.
- Ensure the project aligns with the requirements of the stakeholders.
- Consider ideas and advise on any issue that may have implications for the project.
- Reconcile differences in opinion and recommending a way forward.
- Advise on any corporate issues associated with the project.
- Challenge and advise the project team.
- Endorse and monitor the Project Implementation Document.
- Monitor communications plans and dissemination of information.
- Resolve any issues between time, cost and quality.
- Monitoring risks and due diligence and review Governance.

#### **Membership**

The Project Board shall be comprised of the following positions (also showing name of current position holder):

Leader of the Council (Chair)	Councillor David Tutt
Leader of the Opposition	Councillor David Elkin
Portfolio Holder for Tourism & Leisure Services	Councillor Carolyn Heaps
Shadow Portfolio Holder for Tourism & Leisure Services	Councillor Philip Ede
Chief Executive	Robert Cottrill
Senior Head of Regeneration, Planning and Assets	Jefferson Collard/Nazeya Hussain
Senior Head of Tourism and Enterprise	Philip Evans
Lawyer to the Council and Monitoring Officer	Victoria Simpson/Catherine Knight

Chief Finance Officer	Alan Osborne
Project Programme Manager	Graham Cook
Project Manager,	Eleanor Clarke Focus Consultants

### **Chair**

If the designated Chair is not available, then the Portfolio holder for Tourism and Enterprise (referred to as the Acting Chair) will be responsible for conducting that meeting. The Acting Chair is responsible for informing the Chair as to the salient points/decisions raised or agreed to at that meeting.

### **Agenda Items**

The Project Board agenda, with attached meeting papers will be distributed at least two (2) working days prior to the next scheduled meeting.

The Chair does not have the right to refuse to list an item on the formal agenda, and members may raise an item under 'Other Business' if necessary and as time permits.

### **Minutes & Meeting Papers**

The minutes of each Project Board meeting will be recorded and distributed by the PA to the Senior Head of Regeneration, Planning and Assets.

Full copies of the minutes, including attachments, shall be provided to all Project Board members no later than 10 working days following each meeting.

### **Frequency of Meetings**

The Project Board shall usually meet on a bi-monthly basis or as business dictates.

### **Quorum Requirements**

A minimum of three (3) Project Board members is required for the meeting to be recognised as an authorised meeting for the recommendations to be valid.

The quorum must contain at least one Member from the Leader Group and opposition and one Officer.

## Devonshire Park Partnership Group; Terms of Reference

### Background

Devonshire Park is a major project in the town. Its important the local community is involved in its development. The Partnership Group was formed to provide a consultative and information sharing forum with local businesses and other interested stakeholders.

### Role of the Partnership Group

1. Authority to be the voice of their organisation
2. Challenge the project to maximise its success
3. Understand the wider implications of the project
4. Sense check for wider consultation
5. Promote the project positively

### Membership

This shows the title of the position and the current holder of the position on the Group:-

Senior Head of Tourism & Enterprise (Chair)	Philip Evans
Senior Head of Regeneration, Planning & Assets	Jefferson Collard/Nazeya Hussain
Corporate Projects Support Officer	Paul Quanstrom
Corporate Property Manager	Paul Friend
General Manager - Eastbourne Theatres	Gavin Davis
Artistic Director - Theatres	Chris Jordan
Tourism Development Manager	Annie Wills
Events Development Manager	Mike Marchant
Senior Planning Officer	Lisa Rawlinson
Conservation Officer	Sarah Leete-Groves
Executive Director - Towner	Emma Morris
Theatres Trust	Mark Price, Planning & Heritage Advisor Mhora Samuels Rebecca Morland, Theatres Adviser
Lawn Tennis Association	Gavin Fletcher Mark Fisher
ESCC	Sally Staples, Cultural Strategy Manager
Arts Council	Jayne Tyler
Chamber of Commerce	Derek Godfrey Mike Ogilvie
Conference Bureau	Jonathan Webley
Eastbourne Hospitality Association	Jerome Farrow
East Sussex Disability Association	Nick Tapp
English Heritage	Samantha Johnson
The Twentieth Century Society	Henrietta Billings
Victorian Society	Sarah L Caradec
Project Managers Focus Consultants	Steven Fletcher Eleanor Clarke
Eastbourne Society	Richard Crook

**Chair**

If the designated Chair is not available, the Senior Head of Regeneration, Planning & Assets will be responsible for conducting that meeting.

**Agenda Items**

The agenda, with attached meeting papers will be distributed at least five working days prior to the next scheduled meeting.

The Chair does not have the right to refuse to list an item on the formal agenda, and members may raise an item under 'Other Business' if necessary and as time permits.

**Minutes & Meeting Papers**

The minutes of each meeting will be recorded and distributed by the PA to the Senior Head of Tourism & Enterprise or the Deputy Chair.

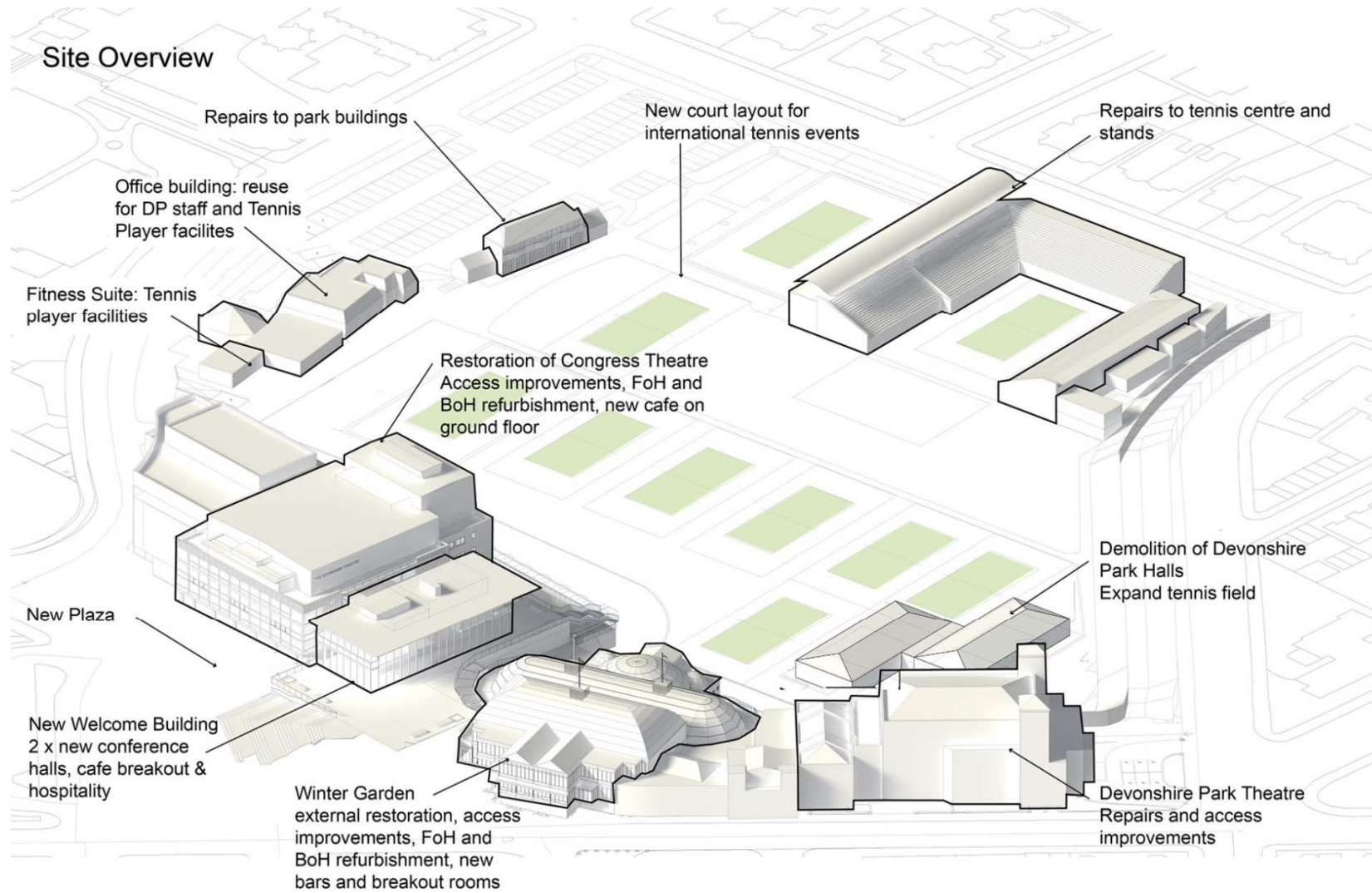
Full copies of the minutes, including attachments, shall be provided no later than 15 working days following each meeting.

**Frequency of Meetings**

The Group shall usually meet on a bi-monthly basis or as business dictates.



## Appendix 4 – Concept Plans

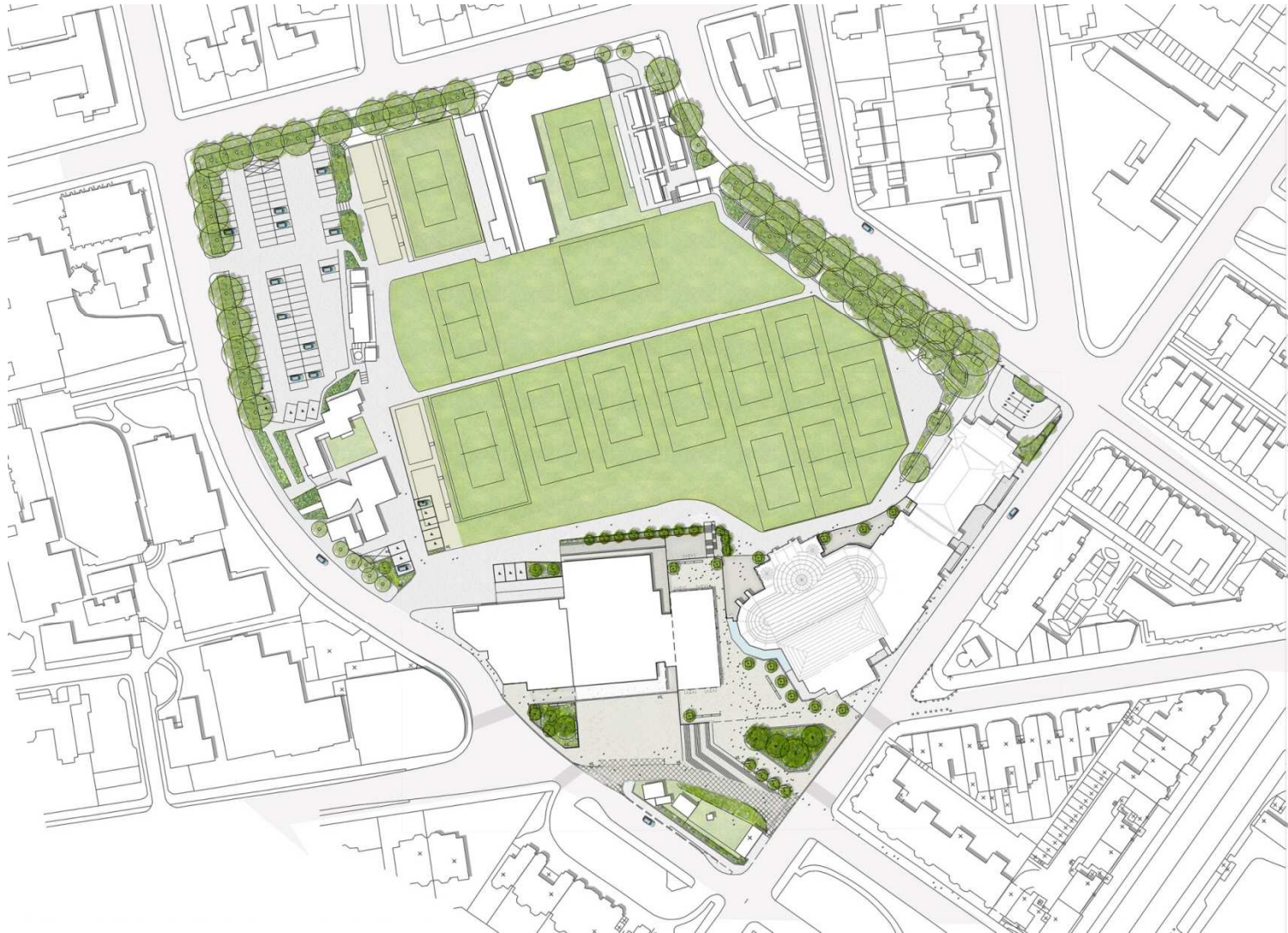


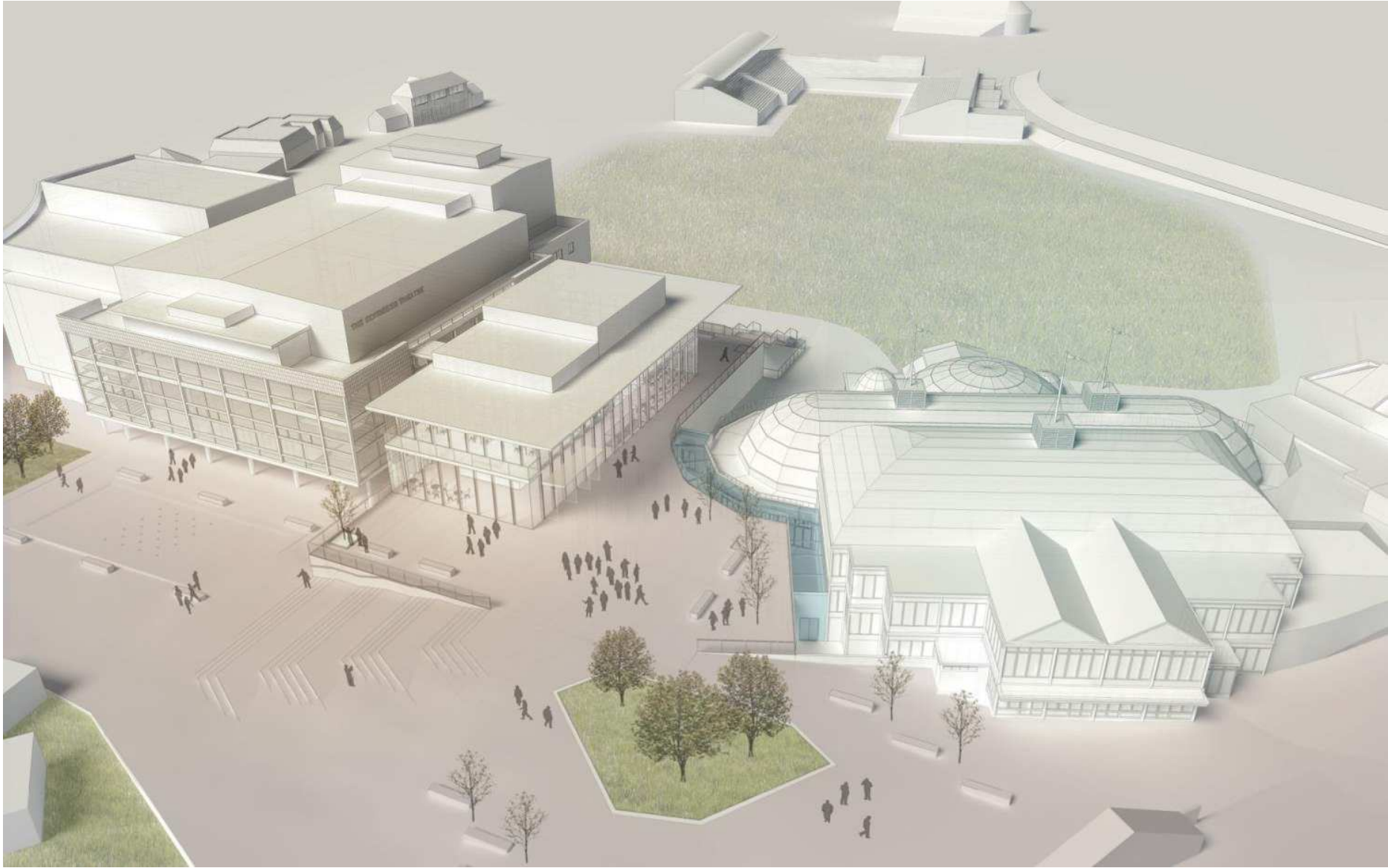
**Site as Existing**





**Site as Proposed (Layout as International Tennis Event)**











## Appendix 5 – Proposed Governance Structure

