

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	2 NOVEMBER 2015	AGENDA ITEM:	8
TITLE:	THEATRE PROVISION IN READING		
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out and recommends a process for the Council to initiate a procurement exercise for a development partner to potentially secure the provision of a new theatre for Reading. The report outlines the related aspirations of the Theatre and Arts Reading (TAR) Community Interest Company (CIC), progress made by TAR in progressing their proposals and the relationship between these and the current programme provided by the Hexagon. It is acknowledged that TAR and the Council have similar strategic aspirations for a new theatre, recognising that the age and condition of the Hexagon means that a replacement would be desirable at some point in the future. The report makes clear that public sector procurement regulations require the Council to follow a formal process that is compliant with Official Journal of the European Union (OJEU) requirements.

2. RECOMMENDED ACTION

- 2.1 That Committee approves the proposal as set out in paragraph 4.2 to undertake a Preliminary Market Consultation under the Procurement Regulations as the initial stage of an OJEU compliant process to secure a development partner for the delivery of a new theatre / performing arts centre in Reading.
- 2.2 That Committee endorses the proposal set out in paragraph 4.2 to undertake a site options appraisal to identify a preferred location for future provision of a new theatre / performing arts centre in Reading.
- 2.3 That Committee approves, in principle, the proposal as set out in paragraph 4.2 for the Council to procure the necessary specialist advisors to inform the site options appraisal and to manage the Preliminary Market Consultation as an initial stage in the procurement process for a delivery partner.

3. POLICY CONTEXT

- 3.1 Provision of cultural services is a non-statutory function of local government. The Council has for many years operated a number of cultural venues in Reading including the Hexagon, 21 South Street Arts Centre and the Town Hall & Museum (including the

Concert Hall). This provision has been set within the context of a cultural strategy that sets a strategic framework for the development and delivery of cultural activity in the town not only by the Council but by a wide range of other agencies and organisations. A new Cultural and Heritage Strategy 2015-2030 has been developed over the course of the last year under the auspices of the Cultural Partnership and involving a wide range of partner organisations. This Strategy is also on tonight's agenda for consideration by Policy Committee. The new Culture and Heritage Strategy clearly sets out an aspirational vision for culture and heritage to play a key role in the town's future, enhancing the quality of life for residents and increasing the attractiveness of the town for visitors and investors. The Strategy envisages Reading's profile and reputation as a cultural destination being transformed over the coming years building from a strong base of arts and heritage organisations and assets and catalysed by a Year of Culture in 2016.

4. THE PROPOSAL

4.1 Current Position:

The Hexagon has been the town's mainstream theatre for many years with an audience capacity of 900 - 1,400 (depending on configuration and whether seated or standing). It currently offers a wide range of touring productions including theatre, music (of many genres), comedy, and an annual pantomime. The programme is popular and relatively low risk in terms of widespread appeal. The Hexagon attracts good audiences and has high satisfaction ratings from those who attend. The offer from the Hexagon is complemented in the town by the more eclectic offer from 21 South Street and a number of local theatre companies.

Whilst successful the Hexagon has a number of limitations relating to its design and age. The Council has continued to invest in the venue to maintain its appeal and functionality, for example new toilets and flooring have been installed in the last year. However, the age of the building means that more fundamental limitations on its design and condition will become increasingly costly and difficult to remedy over time. Accepting this, the Council itself has publically stated an ambition for a new arts venue to replace the Hexagon and pursued a bid for external funding to deliver a new theatre complex at Hills Meadow back in 2006/2007. This bid was not successful.

More recently a new organisation, Theatre and Arts Reading (TAR) has been established independently of the Council with a stated ambition to provide a new theatre for Reading. TAR has been formally constituted as a Community Interest Company (CIC) and has established a strong Board. TAR has commissioned specialist consultants to assist in developing their ideas. In looking at the local market and future potential their advice has steered the group away from a small theatre towards a more commercially viable venue with 750-1,200 seats, at least two smaller rehearsal / development spaces (that could accommodate a range of complimentary functions), as well as box office and café / bar facilities. Effectively this would constitute a replacement for the Hexagon as it is extremely unlikely that the Reading could sustain two large venues.

TAR's vision for delivering a new theatre to replace the Hexagon is a medium / long term proposition with a number of significant issues to resolve if it is to be realised, including funding, location and business plan; as well as design, specification, procurement and actual build.

TAR have approached the Council about their ambition and whether they could work with the Council in partnership to take their ideas forward. As a matter of principle their vision is one that is shared by the Council.

4.2 Options Proposed

As outlined above there is considerable merit in looking strategically at a replacement theatre for the Hexagon given the age and accepted limitations of the current building. This is particularly the case given the likely protracted timescale to deliver a new theatre. In this context the Council remains committed to continuing to support the delivery of the current programme from the Hexagon which remains highly popular and valued.

Following discussions with TAR it is clear that there is a shared strategic aspiration for Reading to have a new theatre and that the Council could play a key facilitating role, particularly with regard to its land holdings. The Council has undertaken some initial due diligence work and it is clear that if the Council were to play a proactive role as a landowner in seeking to secure the development of a new theatre to replace the Hexagon, then this would require a formal procurement process in order for the Council to meet its obligations to secure best value. This procurement process would be for a development / delivery partner as the Council is not in a position itself to finance the provision of a new theatre at an anticipated cost likely to be in excess of £25m.

It is therefore proposed that the Council undertakes an early market consultation as the initial stage of a formal OJEU process to invite expressions of interest from potential partners to deliver a new theatre for Reading. This first stage of a formal OJEU process would take the form of a "Preliminary Market Consultation" under the Procurement Regulations and would itself help shape the specification and business case for a new performing arts venue and to scope options for its future operation and governance. It is proposed that this market consultation is bounded by some key principles to both inform potential partners and to protect the Council's position:

- The Council would require some form of Joint Venture / Partnership vehicle that allowed the Council to protect the medium term viability of the Hexagon and to influence the future specification of the new venue and programme;
- The Council would contribute land to accommodate the new facility on a long lease (terms to be agreed);
- The cost of provision, over and above the opportunity cost of contributing land, would not be subsidised by the Council;
- Following the market consultation the Council would be responsible for providing a minimum specification for the new arts venue, including the scale and range of facilities.

Whilst in principle the concept of a new theatre is supported, and whilst TAR themselves have been looking at a number of options, there is as yet no agreed location or site. It is therefore proposed that, in parallel to progressing the preliminary market consultation, a site options appraisal be undertaken to help identify the most viable site for accommodating and delivering a new theatre.

Both the procurement process for identifying a potential delivery partner and the site options appraisal are significant pieces of work requiring a degree of specialist knowledge of the theatre / arts sector. Arts Council England (ACE) have helpfully proffered their assistance as 'informal advisors' to the Council but additional dedicated resources would be required to manage the work-streams involved. It is therefore proposed that the Council seeks to procure specialist advisors to inform the site options appraisal and to manage the procurement process.

4.3 Other Options Considered

Seeking to secure a new theatre for Reading to replace the Hexagon is a strategic medium / long term aspiration and the proposals outlined above are a necessary first step to achieve this. Other potential options include:

- Do nothing: continue to deliver the current programme from the Hexagon as effectively as possible and invest as necessary to ensure the building remains fit for purpose. Over time this is likely to become increasingly difficult and expensive as the current facilities deteriorate. Nor would this option address some of the fundamental shortcomings in the building's design that limit its potential and flexibility. It is highly likely that over an extended period of time the existing theatre would become increasingly outdated and/or extremely expensive to remain operational.
- Direct delivery: in theory the Council could seek to directly deliver a new theatre using its own resources and not via a partnership investment vehicle. At the current time this is unaffordable, and unlikely to be so in the future, and nor does it represent best value for money for Council Tax payers.

Whilst there remain very considerable uncertainties at this stage as to whether the proposed approach recommended above will ultimately be successful, it is the one that offers the most potential of actually achieving the delivery of a new theatre.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The proposals contained in this report contribute primarily to the following Corporate Plan priorities:

- Providing the best start in life through education, early help and healthy living; and
- Providing infrastructure to support the economy.

Provision of a new theatre would ensure continued access for local residents to a range of cultural opportunities providing both educational and well-being benefits. Ensuring that Reading continued to have a regionally significant theatre / performing arts venue contributes positively to the profile, reputation and economic success of the town and encourages visitors and investment.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".

6.2 At this stage in the process there are no firm proposals with regard to the design or location of any new theatre for Reading. It is envisaged that there would be widespread public and stakeholder engagement and consultation once more detailed proposals are developed. It is also noted that independently of the Council TAR have established a broad forum of stakeholders and interested parties to share their ideas, aspirations and to gain feedback. In general terms the principle of their aspiration to secure a new theatre for Reading has been widely supported.

7. EQUALITY IMPACT ASSESSMENT

7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2 It is not considered that an Equality Impact Assessment (EIA) is relevant at this stage to the decisions regarding the content of this report.

8. LEGAL IMPLICATIONS

8.1 Where the Council is seeking to commission goods or services, as a local authority it is required to follow public sector Procurement Regulations and, where appropriate, to ensure that these are OJEU compliant. The Council is also under a duty to secure best value in relation to the use and / or disposal of its assets.

9. FINANCIAL IMPLICATIONS

9.1 The immediate financial implications relate to the requirement to procure specialist advisors in order to progress the recommended site options appraisal and the Preliminary Market Consultation as an initial stage in the procurement process for a delivery partner. It is anticipated that this can be resourced from existing budgets but further work is required to scope and quantify this.

10. BACKGROUND PAPERS

10.1 (Final Draft) Culture and Heritage Strategy 2015-30