

Decision maker:	Cabinet Member Contracts and Assets
Decision date:	Tuesday, 10 July 2018
Title of report:	The Courtyard Expansion Project
Report by:	Assistant Director Communities

Classification

Open

Decision type

Key

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

Countywide – specific impact on Widemarsh Ward

Purpose and summary

To seek in principle approval for the following:

- That the council act as the lead organisation for the improvement programme including bids for external funding.
- The allocation of capital expenditure funded by prudential borrowing for a capital investment and improvement programme at the Courtyard Centre for the Arts.

The council is looking to support the Courtyard in seeking external funding to develop the site. This will enable the Courtyard to be more economically stable in the long term and support the

economic development of the county through tourism and culture along with contributing to the social value of the county in attracting people to work and live in Herefordshire.

The council is being asked to underwrite this support in the context of a bid being made by the Courtyard for funding to the Arts Council of England. The recommendations will show the commitment the council has to the development scheme with a further decision on the council's financial support to be taken in the event that Arts Council funding is approved.

Recommendation(s)

That:

- (a)** approval in principle be given to The Courtyard Centre for the Arts plans to expand the Courtyard building, , subject to the preparation of a satisfactory full business case and planning permission being secured;
- (b)** the application to be made by The Courtyard Centre for the Arts to the Arts Council of England for financial support for the capital expansion project be supported and in principle agreement be given to Herefordshire Council underwriting the match funding required for the expansion project up to a maximum sum of £800,000);
- (c)** it be recommended to Council that suitable provision be made within the council's capital programme to support implementation of the above recommendation; and
- (d)** the council acts as lead body on the planning application, and, subject to satisfactory business case, grant approval and planning consent as lead body for commissioning and project management of the works.

Alternative option

1. Herefordshire Council do not give approval for expansion of the building in its ownership. This is not recommended because it would effectively block any plans for the expansion and limiting the Courtyard's opportunities for growth both in terms of service delivery and income generation.
2. The Courtyard fundraise for the full amount independently. This is not recommended. The Courtyard are applying for funds of £400k from Arts Council England for the expansion project. In order to secure this funding the Courtyard must be able to demonstrate that they are able to raise the match funding required. To fundraise the amount required will take some time so Herefordshire Council is being asked to underwrite this amount in order for the project to be able to secure the funding from the Arts Council and allow time for further fundraising activities.
3. The Courtyard lead on the capital expansion project. This is not recommended as the building is owned by the council and retained as a council asset. The council also has the expertise with a number of capital projects achieved in the cultural sector e.g. Herefordshire Archive and Records Centre (HARC); Master House in Ledbury; and the refurbishment of Ross and Hereford Libraries.
4. The Courtyard secure loan finance through a commercial financial provider. This is not recommended because it would not be a financially viable option for the Courtyard.

Key considerations

5. The Courtyard was designed by Birmingham-based Architects Glenn Howells Associates and was the first major new build Arts council funded National lottery capital project in

England. It opened in September 1998 with additional support from Hereford City Council prior to incorporation into Herefordshire Council.

6. The Courtyard Centre for the Arts, the tenant of the building, is an independent registered charity and is a key provider of cultural services in Herefordshire. The Courtyard has a 400-seat main house, a 120-seat studio theatre, rehearsal rooms, art gallery, meeting spaces and an award-winning cafe bar.
7. Since opening, the Courtyard has firmly established itself as the primary arts venue in the county of Herefordshire and its borders. It is deeply rooted in the community and serves as the hub of cultural life for everyone within the county and the region. The Courtyard is a thriving venue, open seven days a week, where people come to experience and participate in a quality programme of work, both within the building and through the learning, participation and outreach activities.
8. Herefordshire Council are the owners of the building freehold and provided revenue funding to the Courtyard up until 2016. In order to mitigate this loss of revenue support, the Courtyard have grown their offer; both community and commercial.
9. The Courtyard is now running at capacity with no space to expand its current operations and without the extension to the building they cannot expand their income generating activities. The project would involve the development of a new multi-use studio space, extended cafe area and a shop, furthering the Courtyard's ability to generate income and build a sustainable future. A detailed business case will be developed by the Courtyard to evidence this.
10. Herefordshire Council is the freehold owner of the Courtyard and will need to give written consent for the project to go ahead. This will be required by any potential grant funder or investor.
11. It is proposed that Herefordshire Council lead on the planning process and that the Courtyard develop the business case for the expansion project. The relationship between the Courtyard and Herefordshire Council will be set out via a partnership agreement following the council's governance framework for partnerships.
12. A decision from the Arts Council England is due by the 31st October 2018. A further decision will be required following the outcome from this application.

Community impact

13. The Courtyard has over 300,000 visits through its doors every year which includes working with over 400 children and young people each week.
14. The Courtyard is a highly recognised organisation for their work with people living with, or suffering from dementia. They have secured £300,000 from The Big Lottery Fund to run dementia projects throughout Herefordshire over a 3 year period.
15. The Courtyard has National Portfolio Organisation (NPO) status from the Arts Council England. NPO status is given to leading arts organisations across the UK and provides funding from Arts Council England. This funding directly supports artistic development both within The Courtyard's building and out in the community, with a specific focus on developing talent.
16. The delivery of this project relates the council's corporate plan in the following ways:

Enable residents to live safe, healthy and independent lives

- Provide volunteering opportunities
- Run specific work with older people include their dementia programme
- Health and fitness for particular activities such as dance and drama

Keep children and young people safe and give them a great start in life

- Specific activities for children and families
- Schools participation
- Venue for groups and organisations
- Reduced ticket costs for young people
- Concessions for children
- Specific performance's for children.

Support the growth of our economy

- It is estimated that the Courtyard contributes circa £15million to the local economy each year.
- Boosts tourism and key part of the tourism offer for Hereford City and county and the creative industries economy
- Creates employment and training opportunities
- An asset to attract people to locate to the county
- Support and promote local festivals and cultural events
- Supports create industries sector through showcasing of products.

Secure better services, quality of life and value for money

- Planned decrease of financial contribution from the council
- Generate increased income through charging, expanding their portfolio of activities, and commercial endeavours
- Arts Council contribution to the county with the Courtyard as a NPO.

Equality duty

17. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
18. The public sector equality duties outlined above requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.

19. In meeting the equality duty the expansion project will have a positive effect on the protected characteristics. The facility has a number of schemes in place that particularly support the characteristic of age e.g. a young person's card which allows for cheaper tickets; specific activity of older aged people; and concessions for disabled people, children and students. As a community based facility serving a wide range of people, the expansion will create greater access for people to participate including a studio space for activities such as dance and drama which have health and fitness benefits.

Resource implications

20. The expansion project is estimated to cost circa £1.2m. The Courtyard are planning to apply for £400k from the Arts Council England towards this sum which includes project management costs.
21. In order to enable the Courtyard to have the best possible chance of success in their bid to the Arts Council they have requested that Herefordshire Council underwrite the remaining project costs to the value of up to £800k, potentially through prudential borrowing with terms to be agreed. The Courtyard will fundraise from a wide range of sources to cover this cost and the council will support the Courtyard to provide a robust financial business case.
22. In return for this support it is proposed that the Courtyard would take on the ongoing maintenance of the Courtyard building without any further support from Herefordshire Council; this will be subject to further governance once the outcome of the grant application is known and having regard to the final business case and planning consent. A recommendation to Council to make provision within the capital programme to report this arrangement is proposed. Herefordshire Council will cover the costs associated with the planning process from existing resources.

Legal implications

23. There are no significant legal implications arising from this report at this stage. The council has powers including under the Localism Act 2011 s1 to make financial support available to a provider of cultural services within the county. The terms of any financial support would be brought back for further consideration at a later point when the project has progressed.

Risk management

24. The following risks apply to the recommendations:

Risk / opportunity	Mitigation
Funding is not secured for the project from Arts Council England.	Seek feedback and resubmit or seeks funding from other sources to create long term sustainability of the facility.
Project costs increase.	Cost are based on a cost estimate developed by RPS Group and include a contingency of 10%. Increases in the project costs may mean that cost engineering will need to be applied.
Maintenance	Herefordshire Council have supported the Courtyard with some ongoing maintenance costs up to

2017/18. The Courtyard will be responsible for maintenance in the future in line with their full repairing lease of the building.

Consultees

25. Response from political group consultation shows high levels of support for this project and the council's contribution to enable a successful application to the Arts Council. Specific points made by Independent Group, Its Our County! Group and the Green Group are:
- To ensure on-going monitoring of the finances and measuring value for money
 - Encouraged by the support of the council to enable the funding application to be viable
 - The Courtyard is important to the county as supporting the profile, social value and economic value
 - The expansion project will have the potential to attract new users and audiences, adding to the appeal of the county as a destination.
26. The ward member is also supportive of the project and the work of the Courtyard.

Appendices

- Appendix 1 – Design Proposal

Background papers

None.