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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	17 January 2019
<b>Subject:</b>	Harrow Arts Centre Capital Investment
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Paul Walker, Corporate Director for Community
<b>Portfolio Holder:</b>	Councillor Keith Ferry, Portfolio Holder for Regeneration, Planning and Employment  Councillor Adam Swersky, Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All Wards in London Borough of Harrow
<b>Enclosures:</b>	Appendix 1: Business Plan for Harrow Arts Centre Appendix 2: Equality Impact Assessment

## Section 1 – Summary and Recommendations

This report seeks approval to: -

- 1). Delegate authority to the Corporate Director for Community and the Director of Finance following consultation with the Portfolio Holder for Regeneration, Planning and Employment to enter into a funding agreement with the Greater London Assembly (GLA) to deliver the 2 year Good Growth Fund (GGF) Programme Round 2 for Harrow Arts Centre (HAC), (1 April 2019 – 31<sup>st</sup> March 2021), subject to the confirmation of match funding for the GGF bid as part of the approval of 2019/20 capital programme at the February 2019 Council meeting.
- 2). To delegate authority to the Corporate Director for Community and the Director of Finance following consultation with the Portfolio Holders for Regeneration, Planning and Employment and for Finance and Resources to begin a procurement process to select and appoint the contractors to deliver the Project Objectives related to the GLA Grant Funding Agreement and, subject to the confirmation of match funding for the GGF bid, to enter into the relevant contract with the selected contractors to deliver the Project Objectives.
- 3). To delegate authority to the Corporate Director for Community and the Director of Finance following consultation with the Portfolio Holder for Finance and Resources to commence the tender stage of the Modular Units at HAC and, subject to the approval of 2019/20 Capital Programme at the February 2019 Council Meeting, to enter into the relevant contract with the contractor(s).

### **Reason: (for recommendations)**

The Council submitted a stage 2 application for funding to the GLA's GGF Round 2 in September for £760,000. In addition, a bid has been made to the Capital Programme of £1,150,000 for the project as match funding, utilising receipts from the Harrow Community Infrastructure Levy – borough-wide portion (BCIL). It is recommended that Harrow Council enters into an Agreement with the GLA to secure the GGF Grant to fund activities to improve HAC.

The Council is reducing its subsidy to Harrow Arts Centre as part of the approved Medium Term Financial Strategy (MTFS) from £322,870 in 2018/19 to zero in 2021/22, therefore HAC needs to source additional income to sustain its activities.

However, there is demand from existing and new community groups to use HAC but there is currently no available space for them. Also, some of the buildings are at the end of their useful life (portakabins) and there are other derelict buildings on site. These provide an opportunity to generate revenue for the site and create additional facilities to increase participation and provision. Delivery of the project through both the GLA and BCIL funding streams will address the issues that HAC faces and allow for growth. A

Business Plan has been produced for the project which informs the basis of the funding requests to the GLA and BCIL. See Appendix 1 attached to view the business plan.

It should be noted that the MTFS Targets for HAC can be met solely from the BCIL funded elements and without the GLA funded elements. The GLA funded elements adds value, growth and compliments the scheme but it is not a critical factor to meet the MTFS. However, in the opposite scenario, without BCIL funding and only with GLA funding, the MTFS target for HAC can not be met.

The strategic importance of HAC is outlined in Harrow's Ambition Plan (Corporate Plan), The Core Strategy, Regeneration Strategy and the emerging Cultural Strategy.

The Ambition Plan states the Council will:

- "Deliver a thriving cultural offer through regeneration and commercialisation projects."
- "Deliver more workspace for Harrow's enterprising businesses (including workspace for the Creative and Cultural Sectors)."

The Core Strategy sets out policy objectives to:

- "secure the retention, enhancement and heritage of Harrow Arts Centre and associated complex"
- "maintain the viability of Harrow Arts Centre as the borough's principal performing arts facility. The building's setting will be safeguarded and any development in the grounds should not detract from its architectural or historic interest."

The HAC project will increase investment to maximise the potential of the HAC site, create new workspace and increase participation in cultural activities. By providing the delegation to enter into contract with supplier(s) the anticipated agreed activities in the Grant Agreement and the vision of the site can be delivered.

## **Section 2 – Report**

### **Introductory paragraph**

This report informs Cabinet of the Council's bid to the GLA under GGF Round 2 for £760,000 and a bid to the Capital Programme as match funding (utilising BCIL) for the value of £1,150,000. The funding will be used to deliver the Council's Vision of Building a Better Harrow through the provision of an improved Harrow Arts Centre. It will also deliver the Corporate Priority to Make a Difference for Local Businesses and increase the provision of new public space. It will also deliver the Corporate Priority to Make a Difference for Communities. It is also aligned to the draft emerging Cultural Strategy that sets out Harrow's vision to build on the opportunities provided by the borough's heritage, diversity and economy and to celebrate its cultural offer.

## **Options considered**

The following were considered:

1). Bid for money from the GGF and Capital Programme / BCIL to secure funding to support the delivery, growth and participation at HAC by creating a Masterplan to recommend a short and long term approach to the site, improve derelict spaces and bring them back into use as creative workspaces, improve public realm and wayfinding on the site, create new modular units for classes and workshops in order to increase from 10,000 to 14,000 classes and workshops and increase the numbers of beneficiaries from 231,000 to 300,000 per annum.

Or

2). Do nothing to secure additional funds to support the growth, participation and sustainability of HAC. This is not recommended as it does not maximise funding to improve the site.

## **Background**

The GGF Round 2 is the latest Mayor of London's regeneration programme from April 2019 to March 2021, delivered through the London Economic Action Partnership (LEAP).

The Good Growth Fund is open to a broad range of public, private and third-sector organisations that wish to drive and lead regeneration in their local area.

The Good Growth Fund has been designed to support three strategic themes: Empowering People, Making Better Places and Growing Prosperity.

Funding through both the GLA and BCIL will enable the council to increase participation in the arts, create new workspace through fit-out improvement works on derelict buildings on the site, improve the public realm and wayfinding on the site and install at least 5 new modular units on site in lieu of 3 portacabins that are no longer fit for purpose, and through master planning determine the best use of the site to maximise Harrow's cultural provision

## **Current situation**

HAC has a unique role in delivering the emerging Cultural Strategy in its ability to engage and excite audiences in the arts, provide learning opportunities, and provide workspace for the creative and arts sector. It boasts Harrow's biggest theatre, the provision of over 10,000 classes and workshops in 2017/18 and the potential to provide sites for workspace. HAC's location and its offer provide it with the opportunity to address deprivation, health and wellbeing and key concerns raised by young people in the report 'Understanding the Needs of Young People in Harrow'.

HAC has seen a long increase in participation in its classes and workshops. In 2017/18 attendance was 43% higher than in 2010. However, provision is being delivered from a site which has lacked long term capital investment. Despite the fact that 20% of the available space for provision is not currently fit for purpose, (2 buildings are in a severe state of disrepair), bookings for space in 2018/19 and for 2019/20 exceeds current capacity. It is proposed that BCIL funding, which has been sought as part of the Capital Programme, is used to build on and expand provision, so that overall HAC can deliver Mayoral objectives to increase participation in Cultural activities. Improved provision will be used to support over 300,000 users of classes and workshops.

## **Why a change is needed**

In the short term we are supposing the use of BCIL to invest in new modular classrooms. This will increase participation in art, dance, drama, music, art, literature and also generate an additional income stream for HAC. We will use GLA funding to convert the derelict outbuildings into meanwhile artists' studios. These two elements will need to secure planning permissions.

In the long term, the master planning will enable the council to determine whether and how a wider development could maximise the cultural, leisure, learning and workspace and offer.

BCIL funding will be used to replace Greenhill, Weald and Grimsdyke buildings, with 5 new rooms for hire (2 additional rooms). The existing occupied space would be reconfigured to provide opportunities for future development on the site.

The new provision would:

- enable the number of classes and workshops to expand from 10,129 to 14,285.
- Increase the beneficiaries using the premises from 213,600 to 300,000 per annum.

The market demand for creative workspace and new learning provision was demonstrated in the Business Plan for HAC.

## **Implications of the Recommendation**

### **Resources, costs**

The GLA grant request of £760,000 is requested to be matched by Harrow Capital / BCIL to the value of £1,150,000

The funding breakdown of activities is as follows:

<b>Activity</b>	<b>Funding</b>
Masterplan	£49,500 (GLA)
Creative Workspace Design Fees	£40,000 (GLA)
Creative Workspace Fit Out	£400,000 (GLA)
Public Realm and Wayfinding Design Fees	£25,500 (GLA)

Public Realm and Wayfinding Works	£200,000 (GLA)
LBH Project Management Costs	£40,000 (GLA)
Project Evaluation Costs	£5,000 (GLA)
Designs, planning, demolition installation and fit out works for modular units	£1,150,000 (Harrow Capital / BCIL)
Total	GLA - £760,000 Harrow Capital / BCIL - £1,150,000 Total - £1,910,000

### Staffing/workforce

Existing staff will support the delivery of the project. This includes an Economic Development Officer and a Project Support Officer. Both of these staff members report to the Head of Economic Development, Research and Adult Community Learning. The project will also be supported by the Harrow Arts Centre Manager.

### Performance Issues

The following KPI's will be delivered through the project:

- 1 Masterplan produced
- 5 new modular units provided
- 12 new artists' studios created
- Improved public realm and improved wayfinding on the site
- Increase of usage from 231,000 to 300,000 beneficiaries per annum
- Increase of classes and workshops from 10,000 to 14,000

### Environmental Implications

The architects commissioned will be briefed to incorporate the use of trees and green measures on the site and to ensure that the scheme reduces the volume of surface water flow rates.

Materials for the fit out of the artists' studios, public realm and signage will be prioritised from local suppliers.

The relevant quality standards for the new modular units will form part of the commission required to be met by the supplier.

### Risk Management Implications

Risk included on Directorate risk register? No

Separate risk register in place? Yes

Council			
Main risk	Likelihood	Impact	How manage/contingency
Securing the relevant Listed Building Consent for the scheme could cause a delay to the	L	M	1). Continual liaison with Planning Officers and Conservation Officer at the Local Planning Authority. 2). Architect with skills set working on heritage buildings will be commissioned

construction phase			to ensure designs reflect the heritage setting.
RIBA Stage 4 design could cost more to deliver than the allocated project budget.	L	M	1). A Quantity Surveyor was appointed at the outset on which the budget has been based. 2). A costing exercise will be carried out at each RIBA Stage to ensure the designs are on budget. 3). Value engineering principles will be applied to ensure the core elements of the scheme are delivered.
Disruption could be caused to users during the construction phase which may mean losing some customers.	L	M	1). The project delivery will be phased to ensure minimal disruption. 2). The works will be carried out during quieter periods at Harrow Arts Centre. 3). Temporary alternative facilities on site will be made available first. 4). Currently unused buildings may be refurbished first to bring additional net spaces into use
The Masterplan may not generate stakeholder support.	L	M	1). A number of meetings are to be factored into the consultant's resources and their brief ensuring ongoing dialogue. 3) Ongoing dialogue with the Cross Party Members Group.
The options from the Masterplan may not be possible to deliver due to policy, heritage, site and funding constraints.	L	H	1). Robust brief to be produced to procure a Masterplan consultant. 2). The Masterplan consultant is to be selected based on mixed-use and heritage skills set. 3). Ongoing meetings to be arranged with key stakeholders to input to the development of the Masterplan.

## Procurement Implications

The following are strands of the projects that have procurement implications and the approach that will be delivered:

**1). Modular Units.** The total value of this strand, subject to budget approval in February 2019 Council approval is **£1,150,000**. This includes demolition, removal, surveys, purchase and installation costs. The NHS SBS Modular Building Framework will be used to select a contractor to design and install the modular units. This Cabinet report for the January 2019 meeting seeks delegated authority to commence the tender exercise to select the contractor to ensure that the contract with them can be entered once and if the February 2019 Council approves the 2019/20 capital programme and the allocation of BCIL budget for this strand. The NHS SBS Framework is selected as it provides a compliant route to market to access modular buildings and Harrow Council has used it before. They also contain a list of approximately 21 approved suppliers thereby providing a wide pool of contracts from which to select. The procurement team will run a mini competition via the London Tenders Portal. The expected evaluation

criteria will be 65 % Quality, 25% Pricing and 10% Social Value.

**2). Masterplan.** The total value of this strand is **£49,500** and therefore three quotes will be sought, including one from a local supplier.

**3). Design Works for Creative Workspace and Public Realm.** This strand is worth a total of **£65,500**. This will form part of a tender pack. The expected evaluation criteria will be 75% Quality, 20% Pricing and 5% Social Value.

**4). Creative Workspace Fit-out.** This strand is worth a total of **£400,000**, including materials and labour costs. This will form part of a tender pack and will be advertised on the Portal for a building contractor. The expected evaluation criteria will be 70% Quality, 20% Pricing and 10% Social Value.

**5). Public Realm Works.** This strand is worth a total of **£200,000**, including materials and labour costs. The works will be carried out by the Council's Term Contractor for Highways.

## Legal Implications

The Council has statutory powers to enter into the GLA Grant Funding Agreement and the related funding Agreements, including under The Localism Act 2011 and section 111 of the Local Government Act 1972, and Section 106 of the Town and Country Planning Act 1990 (as amended)

The Council must comply with the terms and conditions of the Grant Funding Agreement and must only use the funding for the Project Objectives as defined in the Grant Agreement.

The Director of Legal and Governance Services will support the procurement process and advise on the contracting arrangements to ensure robust legal and commercial protection for the Council.

Should the Harrow Capital element of the project be funded by Harrow Community Infrastructure Levy (CIL) receipts, this expenditure needs to be in accordance with the Community Infrastructure Levy Regulations 2010 (as amended).

## Financial Implications

The total estimated costs of the proposed infrastructure improvement works at Harrow Arts Centre are £1.91m. It is proposed to fund these from the GLA Good Growth Fund £0.76m (subject to entering the grant agreement) and BCIL £1.15m (subject to the approval of 2019/20 Capital Programme at February 2019 Council meeting).



It is a requirement to provide a match funding for the funding application to the GLA. The BCIL has been used as a match fund as the works are eligible for BCIL funding. It is important to ensure that the match funding has been confirmed and approved before entering into a funding agreement with the GLA.

This project has been included in the proposed 2019/20 capital programme which is subject to a separate approval by Council.

The service has completed a business plan with 3 year financial projections, which assume additional income to be achieved from the hire of the creative workspaces and new modular buildings, performances and café sales. The net additional income over the next 3 years is summarised below.

- 2019/20 £150k
- 2020/21 £130k
- 2021/22 £142k

There is a saving target of £437k for the arts centre in the existing MTFS. The saving is profiled over 3 years (2018/19: £150k; 2019/20: £150k; and 2020/21: £137k). The 2018/19 net expenditure budget for the service is £323k, and in 2020/21, the Council subsidy will be reduced to nil. The proposed capital investment will support the delivery of the MTFS by increasing the income generated from the service, making it financially sustainable going forward. Any operating surplus beyond 2020/21 will be used to contribute to future years' MTFS.

## **Equalities implications / Public Sector Equality Duty**

This proposal provides an improved facility for residents, workers, or visitors accessing Harrow Arts Centre. The creation an improved Arts Centre plus new artists' workspace should have a positive impact on some groups with protected characteristics. An EQIA has been completed for the project - see Appendix 2.

## **Council Priorities**

The strategic importance of HAC is outlined in Harrow's Ambition Plan (Corporate Plan), The Core Strategy, Regeneration Strategy and the emerging Cultural Strategy.

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The HAC project will increase investment to maximise the potential of the HAC site, create new workspace and increase participation in cultural activities.

### **Section 3 - Statutory Officer Clearance**

Name: Jessie Man .....	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 7 January 2019 .....		
Name: Patricia Davila .....	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 3 December 2018 .....		

### **Section 3 - Procurement Officer Clearance**

Name: Nimesh Mehta .....	<input checked="" type="checkbox"/>	Head of Procurement
Date: 7 January 2019 .....		

<b>Ward Councillors notified:</b>	<b>YES</b>
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**EqlA carried out:**

**YES**

**EqlA cleared by:**

Dave Corby, Head of  
Community Engagement

## **Section 4 - Contact Details and Background Papers**

**Contact:** Shehzad Ahmed, Economic Development Officer,  
telephone 020 8736 6084, e mail [Shehzad.ahmed@harrow.gov.uk](mailto:Shehzad.ahmed@harrow.gov.uk)

### **Background Papers:**

Appendix 1: Business Plan for Harrow Arts Centre

Appendix 2: Equality Impact Assessment

**Call-In Waived by the  
Chair of Overview and  
Scrutiny Committee**

**NO – CALL IN APPLIES**

