

## Part A

<b>Report to:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>6 December 2021</b>
<b>Report author:</b>	<b>Head of Enterprise Programme Management Office</b>
<b>Title:</b>	<b>Town Hall Quarter programme: Town Hall and Colosseum Refurbishment Business Cases</b>

### 1.0 Summary

- 1.1 On 18 January 2021, Cabinet approved the initiation of the Town Hall Quarter programme and associated vision which sought to regenerate the area at the northern end of Watford High Street to realise the vision of *'a vibrant and thriving hub in the heart of the town, creating exciting new opportunities for our residents, businesses and community, contributing to Watford's prosperity and success'*.
- 1.2 The ambition to regenerate the area at the northern end of the High Street and create a vibrant public space has been present for some time but the Covid-19 pandemic provided an opportunity to redefine the programme to ensure that it could leverage maximum benefit for those sectors of our community significantly impacted by the Covid lockdowns. It is not a programme that operates in isolation from the wider commitments to our community; the programme is strategically aligned to the council's ambitions, including as a direct deliverable within the Council Plan 2020-24, and contributes towards many of our key corporate strategies. This includes our ambitious Economic Development Strategy launched in June 2021 following the Covid-19 lockdowns to support our local economy and businesses, our wide-reaching Cultural Strategy, refreshed in November 2020 to build upon the legacy of our popular Watford Together initiative which supported so many last year and our Commercial and Innovation Strategy which seeks to embed a commercial approach into everything we do.
- 1.3 The Town Hall Quarter programme is an ambitious, exciting and innovative plan to redefine a key part of our thriving town centre. It will ensure that we retain our regional draw, securing our reputation as not just a great place to shop, but as a vibrant and thrilling place for culture and the arts, which simultaneously embraces its responsibility to both heritage and sustainability. The programme represents a unique opportunity to deliver a bold vision of the future for the town, combining our ambitions for place shaping and public realm enhancements alongside an active commitment to businesses, our local economy, culture and our community.

- 1.4 This report presents to Cabinet two Outline Business Cases in relation to the Town Hall Quarter programme; the refurbishment of the Colosseum and the refurbishment of the Town Hall which, in turn, allow a whole range of benefits to be realised.
- 1.5 The Colosseum refurbishment Outline Business Case is attached at Appendix 1 and recommends a full commercial refurbishment of the Colosseum building which will resolve some of the integral internal defects, whilst allowing the council to attract and procure an experienced operator who will recommence a diverse programme of events, activities and performances within this much loved venue. The refurbishment of the building will help to create a cultural hub at the northern end of the High Street, complementing the varied cultural facilities already present across the town and the refreshed public realm space outside and around the historic Town Hall. The refurbishment of the Colosseum will provide an opportunity for the council to drive a commercial contract with the operator whilst the reconfigured space, developed in conjunction with the procured operator, will, subject to the final agreement, provide additional opportunities for existing Watford cultural organisations to utilise the space, particularly in the day time. Subject to approval of these business cases, it is expected that the refurbished Colosseum will reopen, with a new operator, in autumn 2023. The implementation plan can be seen in section 6.7 of Appendix 1.
- 1.6 The Town Hall refurbishment is another key component of the programme. The Outline Business Case attached at Appendix 2 recommends a full refurbishment of the existing Town Hall building which will facilitate the following changes:
- A radical 74% reduction in the floor space required by the council as they retain the agile ways of working demonstrated over the past 18 months. This will allow for a new, more efficient work space to be designed for both staff and members, focusing on the need for collaboration, promoting health and wellbeing and allowing customers to be provided with the best service. It will reduce the cost of the council operation and allow for the use of the iconic Town hall building to be redefined, as below.
  - The relocation of Watford Museum from its current home at Benskin House to the heritage rooms at the front of the Town Hall providing a new, interactive and exciting experience for residents and visitors on the rich and diverse history of our town.
  - The implementation of an Innovation and Incubation Hub to support small and medium enterprises across the region to become established businesses, boosting employment through support packages and providing sector growth through occupants 'clustering' in one place.
  - Opening the Town Hall up for our community, not just through access to the museum and Innovation Hub, but also through the siting of a café facing and opening out onto the new Town Square, linking the refreshed public realm space immediately adjacent to the Town Hall with the building itself. As well as providing greater openness of the Town Hall and access to local democracy, the new space will provide fit-for-purpose, value for money space available for the use of

community organisations (e.g. meeting rooms, counselling space, touchdown working space)

It should be noted that the Town Hall Refurbishment business case is predicated on the individual business cases for the Museum and the Innovation and Incubation Hub. These are attached as appendices to the Town Hall business case for approval by Cabinet. It should be noted that Appendix 2B is exempt due to the potential identification of individuals whilst Appendix 2C is exempt as a result of commercial sensitivity.

Subject to approval of the business case, it is expected that the refurbishments will be completed by spring 2024 which will then allow for the Innovation Hub to launch between July and September 2024 and the museum in May 2025 following completion of the fit out. The implementation plan can be seen in section 6.7 of Appendix 2.

- 1.7 The refurbishment of both the Town Hall and Colosseum are being complemented by extensive decarbonisation works following the council's successful application for funding from the government's Public Sector Decarbonisation Scheme. The £3.7m grant, which highlights the council's commitment to sustainability, will be used to refurbish windows, heating control and lighting improvements, cavity wall and roof insulation enhancements and the introduction of photovoltaic panels and storage; all of which will introduce enhanced utility efficiency contributing to the council's sustainability target and reducing electricity, gas and water consumption as well as the overall carbon footprint of the building.
- 1.8 In line with the council's approach to programme and project management across the organisation, a flexible resourcing model is proposed. Given that the need for project management is expected to change as the programme progresses, this approach will allow resource to flex in line with the programme implementation plan. This will also ensure that costs associated with resourcing are similarly proactively managed with any resource not required at redeployed to other programmes and/or projects within the council, representing a saving to the programme and keeping costs to a minimum where possible. The Programme Board and Member Steering Group will maintain an overview of the resourcing model.

## 2.0 Risks

The scale and nature of the proposed projects are recognised and so consideration of how they will be delivered, managed and governed will be key to its success. As a result, risk management will be vital in ensuring that the projects are delivered successfully. The full process for managing risks is detailed in the Management Cases of the relevant appendices but key project risks are captured below. A full list of risks will be actively monitored by the council's Project Manager via the project risk log.

## 2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
The Colosseum is not re-open by autumn 2023	Impact on ability for operator to ensure that the venue remains viable	Clear programme plan in place with sufficient contingency and impact of any delay on operators fully understood	Treat	2 x 2 = 4
Unable to secure an acceptable commercial deal with an operator for the Colosseum as a result of refurbishment not meeting expectations	Not able to transfer the building risk, reduce the management fee and meet our other aspirations (community programme)	Soft market testing undertaken to understand operator requirements for the building and reasonable assumptions in relation to a commercial deal	Treat	2 x 4 = 8
Increase in Covid-19 cases leads to another national lockdown	Extended timeline for completion. Unable to complete Colosseum refurbishment by Autumn 2023 / Town Hall refurbishment by Spring 2024	Build allowance into programmes for working in Covid safe environment at all times.	Treat	2 x 4 = 8
Lack of ability to obtain listed building consent with plans not agreed by Historic England	Change of design, additional costs and extended timelines	Engage with Historic England and our internal Conservation Planning Officer as plans are developed	Treat	2 x 4 = 8
Cost of building materials and / or labour increase	Increase costs, change of design	Sufficient contingency built into cost plan	Treat	2 x 4 = 8

Stakeholders are not kept informed on progress of the works due to poor communication channels	Disengagement with the project, lack of clarity on when the venue will reopen impacting new launch	Clear communications plan in place and updates provided to THQ Stakeholder Group and Member Steering Group	Treat	2 x 2 = 4
Individual project business cases are considered no longer viable as a result of increased cost, unanticipated issues, scope creep or programme slippage	Space under utilised in the Town Hall as unable to be filled by space allocated in RIBA s.2 design	Contingency planning underway in relation to other opportunities / options to use the space.	Treat	2 x 3 = 6

### 3.0 Recommendations

- 3.1 That Cabinet approves the Colosseum Refurbishment business case, RIBA Stage 2 designs, implementation plan and the assumptions and constraints on which these are based.
- 3.2 That Cabinet approves the Town Hall Refurbishment business case, implementation plan and the assumptions and constraints on which these are based, including the associated Museum Outline Business Case and Innovation and Incubation Hub Outline Business Case, shown within the Appendices.
- 3.3 That the financial resource necessary to deliver the next phase of the Town Hall Quarter programme, including in relation to the Town Hall and Colosseum refurbishments is presented to full council for approval in January 2022.

**Further information:**

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**Report approved by:** Donna Nolan, Managing Director

#### 4.0 Programme Context: The Town Hall Quarter

- 4.1 The Town Hall Quarter is an ambitious and comprehensive 10-year programme of activity at the northern end of Watford High Street to realise a vision of:

*'a vibrant and thriving hub in the heart of the town, creating exciting new opportunities for our residents, businesses and community, contributing to Watford's prosperity and success'*

The Town Hall Quarter is a key deliverable within our Council Plan 2020-24. It is a programme for the community, at the heart of the community and brings together a number of key council projects into a single programme of work, with each component contributing to the overall vision. It is a programme repurposed for the Covid era, recognising the significant benefits it will bring to our community; providing support for our businesses after the successive lockdowns, empowering our cultural organisations, celebrating and protecting our local heritage and making a reality our sustainability aspirations. It also seeks to cement the town's role as a regional shopping and visitor destination and a centre for the arts whilst contributing to our Covid-19 renewal alongside our Road to Renewal plan.

- 4.2 The existing programme was formally initiated in January 2021 following approval by the council's Cabinet and, subsequently, Full Council. Approval of the programme gave authority and budget for the next phase of discovery work to commence. This first phase, which has seen the programme resourcing secured, governance arrangements implemented and individual project business cases developed have culminated in the development of the Colosseum Refurbishment and Town Hall Refurbishment business cases, approval of which will allow the next phase of the programme to be initiated.
- 4.3 Whilst the ambition to improve the area around the Town Hall, which is regarded as manifestly underutilised, has been present for some time, the emergence of Covid-19 and the development of our new Strategic Framework, led by our Council Plan 2020-24, provided an opportunity to strategically align the Town Hall Quarter programme with the wider renewal of the town following the successive lockdowns. Please see section 6 for more information on the strategic alignment of the programme with the council's wider ambitions.
- 4.4 The Town Hall Quarter programme is now expected to radically transform the area around the Town Hall, securing a thriving new quarter with new homes, employment and public space, which will be underpinned by a revitalised creative, cultural and heritage offer. It will revitalise Watford, providing a huge economic boost post Covid and very much align with the council's own commercial aspirations, securing our financial future so that we can continue to invest in services for our residents and businesses.

## **5.0 Programme Context: Town Hall Quarter Vision**

- 5.1 The vision, the outward facing description of the programme, which defines the improvements, innovations, new services, facilities and ways of working, is essential to encouraging and gaining the commitment and support of our many stakeholders interested and impacted by the programme. The right vision describes a compelling future, matches the degree of transformational change the programme will deliver, and needs to be bold and describe the desired future. Having an effective and compelling vision which resonates with those across the town is therefore a critical element in ensuring that the programme has the right foundations and that there is a clear and consistent approach to communications and messages to stakeholders.
- 5.2 The following vision for the programme, which incorporates a greater focus on community involvement and outcomes, has been agreed by the Town Hall Quarter Member Steering Group and approved by Cabinet:

### **Delivering for our Community – At the Heart of our Community**

Our ambitious and transformational Town Hall Quarter programme will deliver a vibrant and thriving hub in the heart of the town, creating exciting new opportunities for our residents, businesses and community, contributing to Watford's prosperity and success.

Through the scheme, the council will:

- Make better use of our historic Town Hall, opening it up for greater community and business use, securing its long term future and putting it firmly at the centre of the life of the town
- Boost local jobs, offering an inspiring, dynamic and well-connected new space for people to work, start and grow their businesses
- Generate work opportunities for our young people, providing attractive career paths and links to local employment
- Champion a greener, more sustainable Watford, contributing to our 2030 net carbon zero target
- Anchor the north of the town centre, forging a new generation High Street in Watford, generating greater footfall and activity as more people live, work and visit the area
- Celebrate our diverse culture and heritage, connecting Watford's rich history with that of our Town Hall, creating an innovative new home for our Museum and using local voices to tell the town's story
- Strengthen Watford's regional role as a centre for culture and the arts, opening up more creative and community uses for Watford Colosseum, encouraging up and coming artists and performers

- Secure much needed new high quality homes within an attractive new neighbourhood
- Create appealing and welcoming new outdoor places where people can meet, relax and spend time
- Demonstrate how we make best use of our resources, making sound financial decisions and achieving positive returns on our investments

## **REJUVENATE, RENEW, REVITALISE**

### **6.0 Strategic Alignment**

6.1 The Town Hall Quarter programme aligns and contributes to a range of strategic ambitions committed to by the council.

#### **6.1.1 Council Plan 2020-24**

The existing Council Plan was approved in July 2020 and this programme supports and delivers many of the ambitions outlined within the plan including:

- **A council which serves our residents**
  - **Improve succession planning and talent management and recruitment** – by creating a new, modern, innovative and fit for purpose space and an agile working culture which will attract top talent.
  - **Deliver the council’s financial recovery** – by reducing the financial revenue burden of aging buildings and creating opportunities to commercialise our estate.
  - **Ensure that the council’s future office accommodation is fit for purpose** – by co-designing space for our staff, ensuring that it allows for collaborative working (and the benefits of working from home is retained) whilst using a significantly smaller physical footprint.
  - **Enhance agile ways of working for our staff** – by ensuring that the future office accommodation and access to technology allows for hybrid working and that our organisational culture and values and behaviours are redesigned to support more effective ways of working.
- **A thriving, diverse and creative town**
  - **Progress our plans for the Town Hall Quarter** – by continuing to pursue a joint venture partner for the development of the area around the Town Hall and creating a regional hub of culture and arts within the Town Hall and Colosseum buildings and the public realm space created by the New Neighbourhoods project.



- **Drive the economic recovery of Watford** – by attracting more visitors to our Museum, Innovation and Incubation Hub, Town Hall and therefore the town centre.
  - **Invigorate our small and medium businesses across the town** – by creating an Innovation and Incubation Hub to support and grow small businesses providing them with the post-Covid boost needed which will allow them to move to larger premises within the town in the future, creating additional employment opportunities for local people.
  - **Ensure that the council is a greener organisation** – by implementing a range of green initiatives within the Town Hall and Colosseum to decarbonise these important heritage buildings, and reduce the council’s carbon footprint. Council staff working in a more agile way will also reduce the number of staff travelling to work, reducing congestion on Watford’s roads and public transport, in line with our Sustainable Transport Strategy.
- **A happy and healthy town**
    - **Maximise the cultural opportunities for the town** – by bringing together the Museum, Colosseum, Library and West Herts College across same area, utilising new public realm space to animate the area and promote cultural organisations and events.
    - **Review and reinvigorate how we celebrate our local heritage** – by moving our Museum to the Town Hall, utilising space freed up by the council, and developing new, interactive exhibitions focused on the celebration of local heritage.
    - **Enhance our public spaces** – by opening up the Town Hall on to new public spaces within the Town Hall Quarter to attract visitors to the area as a destination in its own right.
    - **Ensure our community buildings benefit local residents** - by opening up the Town Hall to visitors to our Museum and working closely with our partners across the town to support our cultural organisations to access the space that they need.

### 6.1.2 Cultural Strategy 2018-25

A refurbished Colosseum and new Museum will both support the council’s ambition to “grow sustainable opportunities for creative enterprise, cultural provision and participation for our local communities, businesses and visitors which will, in turn, strengthen Watford’s appeal as a creative destination.”

Our Cultural Strategy outlines the importance of both culture and heritage to Watford with a number of cultural venues housed within heritage buildings. This will continue with the refurbishment of the Colosseum, the museum’s relocation to the historic Grade II listed Town Hall (including the development of the main galleries within the

most prominent heritage spaces within the building) and the re-established link between the Town Hall and Colosseum.

The Cultural Strategy outlines the importance of creative and engaging experiences for the community, signposting to key heritage and cultural sites and growing the audiences who engage with heritage and culture. The Museum will be vital to the delivery of this – acting as a central hub for the wider service, showcasing Watford’s heritage and signposting visitors around the town and delivering a programme of activities, outreach and education that is available to all members of the community. Similarly, the refurbishment of the Colosseum will serve to attract a commercial operator who can present a diverse and competitive programme of events and performances, providing access to culture for larger proportions of the community. Subject to the financial business model of the operator, the repurposing of the space could also meet the ambition of increasing the utilisation of the existing Colosseum space, particularly for community uses during the day, supporting cultural organisations following the impact of Covid-19.

### **6.1.3 Economic Growth Strategy 2021-25**

Our Economic Growth Strategy sets out the council’s medium term approach to support businesses and the local economy as it revives and thrives following Covid-19 and the subsequent lockdowns. The Town Hall Quarter programme will support the local economy through the implementation of the Innovation and Incubation Hub which seeks to support small start-up businesses in a specific range of sectors, offering a structured growth pathway for businesses, through a range of packages, resulting in newly created businesses moving onto their own accommodation as they expand, making way for newcomers to start their journey.

The refurbishment of the Colosseum will also serve to attract increased visitors to our town centre, supporting our local businesses. A recent report published by Arts Council England, A High Street Renaissance, found that people strongly support culture in their towns and cities, with 69% of respondents saying they thought having cultural spaces made their local area a better place to live. The report specifically pointed to the potential of culture to draw people back to the high streets for in-person experiences.

The Town Hall Quarter will play a big part in encouraging visitors to come into the town centre and increasing overall footfall. Both local, and visitors from further afield, will be attracted to visit the town centre to visit the Museum, work from the Innovation and Incubation Hub, go to the Colosseum or use the community space within the Town Hall. The associated public realm space and new neighbourhood will similarly serve to bring further footfall to the High Street. Public engagement to date has indicated that significant numbers of potential visitors to the Colosseum would combine their visit with another activity, such as a meal in one of the town centre restaurants, a drink in one of the bars or pubs or making use of the diverse retail offer in the High Street.

#### **6.1.4 Commercial and Innovation Strategy 2021-25**

Our Commercial and Innovation Strategy promotes commerciality throughout the organisation in everything that it does. This includes the pivoting away from a focus on retail and other property investments and towards other forms of investment. The Innovation and Incubation Hub is one such idea: it does not require the investment in real estate, rather it is the re-purposing of an existing asset allowing revenue to be generated from running a facility which supports local businesses. The scheme therefore fulfils a place-shaping role while also providing an opportunity to generate revenue for the council (in the context of more restrictions on borrowing for investments which reduce the options for increasing the property portfolio) to help sustain the council's finances.

The refurbishment of the Colosseum, and the subsequent procurement of an operator in the context of working from a refurbished building, provides an opportunity for the council to transfer liability for building repair and maintenance liability to the new operator, although this cannot be guaranteed at this stage. Commerciality of the building would be enhanced as a result of the work meaning that there would be a higher chance of having no operator management fee. Should this be delivered, not only would this deliver a saving of approximately £165,000 per annum, there would also be the potential for income to come to the council from the contract, increasing and diversifying the organisation's income streams.

### **7.0 Colosseum Refurbishment Business Case**

The Colosseum is a popular and much loved regional entertainment venue situated adjacent to the Town Hall in Watford town centre. The refurbishment of the building is an integral part of the Town Hall Quarter programme in providing a new cultural hub in the centre of the town. The Colosseum, which was significantly impacted by the Covid-19 pandemic, has previously been managed by an operator whose contract was terminated by mutual agreement in December 2020. The cessation of the operator contract provides an ideal opportunity to undertake much needed refurbishment and reconfiguration work to the building whilst causing the minimum disruption possible. The programme of work expects the building to reopen with a new operator in autumn 2023. The business case at Appendix 1 is concerned with and recommends the full refurbishment of the Colosseum building.

#### **7.1 Strategic Case**

Refurbishment of the building will significantly reduce the risk of building failure, provide an opportunity to replace end-of-life equipment and facilitate a more beneficial commercial arrangement with a future operator, seeking to pass the building and maintenance liability to the operator and aspirationally negating the need for an operator management fee. This will allow a diverse and varied programme of events, activities, entertainment and performances to be held at the Colosseum for all members of our diverse community. The project will considerably

extend the lifetime of the building whilst ensuring it is energy efficient, meets modern requirements in terms of accessibility and compliance and importantly respects the building's heritage and history.

## **7.2 Economic Case**

Whilst a number of options, including do nothing, do minimum and a building only refurbishment, were considered, the only option which allows the council to deliver on each of the project objectives is to proceed with the delivery of a comprehensive refurbishment of the building systems, fabric and plant to replace end-of-life equipment, address backlog maintenance issues and bring the building up to modern standards. The recommended option would also see the delivery of a programme of enhancements to the building, addressing issues that currently negatively impact on the building's commercial operation.

Aside from the benefits to the actual building, the refurbishment will deliver a wider economic contribution to the town by bringing more people into the town centre, with public engagement to date confirming that visitors to the Colosseum would combine their visit with a meal, drink or shopping trip. In addition to volunteering opportunities, it would also provide additional job opportunities for 25 full time and 70 casual staff and provide further opportunities for Watford residents to access and participate in arts and culture. Furthermore, the council is keen to support and provide space for the use of other community groups in the town and reconfiguration of the space should help to ensure that the space is not under-utilised, particularly in the day.

## **7.3 Commercial Case**

Two procurement processes will be undertaken in order to deliver the project. The first of these, commencing in March 2022, will be for a two stage Design and Build contract for the delivery of the refurbishment, which takes into account the council's objectives, risk appetite and wider constraints and dependencies. This route offers the best prospect of programme adherence and transfers programme, cost and residual design risk to the contractor. This route also would enable synergies to be explored with the Town Hall refurbishment (see Appendix 2), which would provide time and cost efficiencies to the council. The second procurement relates to securing an operator for which a Competitive Procedure with Negotiation procurement route will be followed to enable the council to discuss a number of different solutions and variations throughout the process to ensure the best outcome is achieved, including input to the final building design development process from operators. Whilst the council is keen to secure a commercial deal, this is likely to be reflected in the length of the lease which could be up to 25 years and any community use of the space will similarly be subject to these negotiations. Soft market testing to date has indicated that there is market interest in a contract for operating the Colosseum whilst public engagement has shown that there is a strong public desire for the Colosseum to reopen and provide a range of diverse and varied events, activities and performances.

## **7.4 Financial Case**

The full scope of the proposals is contained within the RIBA Stage 2 report and is estimated to cost in the region of £12,390,000; £11,350,000 for essential works and £1,040,000 for building enhancements. £8.9M is currently available within the capital programme, therefore, the affordability of the proposals is dependent upon the New Neighbourhoods Project for the Town Hall Quarter being brought to fruition. In addition, further capital receipts will need to be generated from the rationalisation of other council-held property. The table in section 10.1.1 shows the breakdown of the funding for the programme.

The financial benefits arising from the Colosseum refurbishment project are all dependent on the outcome of the new operator procurement and the council's assumptions regarding the contract that will be secured through this project. The aspirations from this process are that the Colosseum will become cost neutral for the council through having no management fee to pay to the operator, which it is hoped might become a positive payment to the council over the life of the contract, and no retained building risk or liability. If these outcomes are secured from the new operator contract the council will save the existing budget of approximately £165,000, although even if this saving is possible, it may not be realised immediately depending on the final arrangement.

## **7.5 Management Case**

The project will be managed via a designated Project Board reporting into the Town Hall Quarter Programme Board, chaired by the Managing Director. This will allow risks, issues and any potential changes to be actively managed and, where necessary, escalated with a full understanding of any implications. Political oversight will be maintained by a Member Steering Group, chaired by the Elected Mayor and in place since the initiation of the programme, which will continue to allow ongoing progress reporting and feedback from Members.

## **8.0 Town Hall Refurbishment Business Case**

The Town Hall is a 1930s heritage building located at the northern end of Watford town centre and is currently the home of Watford Borough Council. However, the iconic building is under-utilised, particularly given the change in ways of working as a result of the Covid-19 pandemic, and is in need of significant refurbishment which will ensure its long term sustainability for ongoing use by our community. There is therefore an opportunity to fundamentally change the way in which the Town Hall is used, to seek to maximise the value the building brings to the community and council through finding additional uses for the space with a particular objective to open it up for more community use.

## 8.1 Strategic Case

The outline business case, included as Appendix 2, proposes the refurbishment of the building and its future use as the location of Watford Museum, a significantly reduced but predominantly collaborative council space and the home of the proposed Innovation and Incubation Hub. Also on-site would be a public café opening out on to the new town square delivered through the public realm improvements by our New Neighbourhood Joint Venture partners and space for community and commercial use. As well as providing greater openness of the Town Hall and access to local democracy, the new space will provide fit-for-purpose, value for money space available for the use of community organisations (e.g. meeting rooms, counselling space, touchdown working space) opening the Town Hall up to the community. New council office space on a much reduced footprint with modern, fit-for-purpose accommodation will provide modern facilities for use by members and staff and is expected to provide greater opportunities for staff to collaborate, improve staff wellbeing, motivation and morale and ultimately provide a better experience for customers and an enhanced ability for the council to recruit and retain high quality staff. This will enable the council's office accommodation footprint to reduce by around 74% reducing the running cost of the council occupied accommodation by approximately £300,000 per annum. Additionally there will be less requirement for staff to travel, reducing local congestion and improving the council's carbon footprint whilst new accommodation for members will allow them to meet and engage with residents and the community, improving the council's reputation as a professional organisation.

The anticipated cost of the works stand at £11.55m and cover not just the much needed refurbishment of the main Town Hall building, but also the fit out for the Museum towards the front of the building, on both the ground floor and first floor, which currently house the Committee Rooms the fit out of the Innovation and Incubation hub, the demolition of the semi-permanent building known as the Terrapin adjacent to Peace Prospect and the refurbishment of the Annexe, situated towards the rear of the main Town Hall building.

These works would collectively drive significant benefit to residents, the town and the council:

- A refreshed, exciting and modern museum offer would be available in the heritage rooms and part of the ground floor of the Town Hall for residents and visitors, creating a cultural hub with the Colosseum and driving further footfall to the town centre, supporting our local businesses. This would allow the sale of Benskin House which is no longer suitable as a location for a modern museum and realise a capital receipt.
- The Innovation and Incubation Hub, managed by an experienced operator, would serve to support the local economy and actively grow small start-up businesses. It would offer a structured growth pathway for businesses, through a range of packages, resulting in newly created businesses moving onto their own

accommodation as they expand, making way for newcomers to start their journey.

- The introduction of agile ways of working for the council and the adoption of new values and behaviours will allow the council footprint to reduce significantly freeing up the existing space for the above uses. The Town Hall space available for council staff and Members will be focused on collaboration, building on the lessons learnt and new ways of working embraced over the last 18 months to provide the best service for customers, residents and businesses.

## **8.2 Economic Case**

Whilst a number of options, including do nothing, do minimum and a building refurbishment with an extension, were considered, the only affordable option which allows the council to deliver on each of the project objectives is to proceed with the delivery of a comprehensive refurbishment of the existing buildings and the fit out to serve the proposed future uses of the Town Hall:

### **8.2.1 Town Hall Building**

Whilst the refurbishment of the Town Hall itself will bring benefits including a reduction in ongoing repairs and maintenance costs, enhanced utility efficiency and improved accessibility, it also enables significant benefits through creating space from which the other uses can operate with the key benefits being delivered by those uses.

### **8.2.2 Watford Museum**

The relocated and reimagined Museum is expected to deliver a range of benefits including a 150% increase in visitor numbers, 200% increase in volunteer hours and increased employment within the town. It will also provide an enhanced visitor experience, maximising opportunities to access and participate in heritage and culture activities, providing additional opportunities for skills development and adult learning and delivering an education programme for young people and children. In addition, there is a significantly increased estimated economic impact from a new museum to the town of £380k per annum, from £104k currently.

### **8.2.3 Innovation and Incubation Hub**

Similarly, the Innovation and Incubation Hub will support small and medium enterprises across the region to become established businesses, boosting employment through support packages and providing sector growth through occupants 'clustering' in one place. It will also create higher value direct job and indirect local supply chain employment contributing to the local economy and breathe new life into the Town Hall Quarter as part of its regeneration through the provision of a flexible space for businesses to grow, reducing the need to commute away from the town. It is estimated that every two years 60 people in 20 businesses will 'graduate' from the Hub with six businesses successfully transitioning from being

classed as 'micro' to 'small'. Whilst longer term benefits such as an increased business survival rate, an increase in FTE job numbers across the town and an increased number of business collaborations are expected, these will be confirmed in the Full Business Case in August 2023 following the procurement of an operator for the Hub.

#### **8.2.4 Community and the Council**

As well as providing greater openness of the Town Hall and access to local democracy, the new space will provide fit-for-purpose, value for money space available for the use of community organisations (e.g. meeting rooms, counselling space, touchdown working space) opening the Town Hall up to the community. New council office space on a much reduced footprint with modern, fit-for-purpose accommodation will provide modern facilities for use by members and staff and is expected to provide greater opportunities for staff to collaborate, improve staff wellbeing, motivation and morale and ultimately provide a better experience for customers with an enhanced ability for the council to recruit and retain high quality staff. There will also be less requirement for staff to travel, reducing local congestion in line with our Sustainable Transport Strategy and improving the council's carbon footprint whilst new accommodation for members will allow them to meet and engage with residents and the community.

#### **8.3 Commercial Case**

Two procurement processes will be undertaken in order to deliver the project. The first of these, commencing in August 2022, will be for a two stage Design and Build contract for the delivery of the refurbishment. This route, which takes into account the council's objectives, risk appetite and wider constraints and dependencies offers the best prospect of programme adherence and transfers programme, cost and residual design risk to the contractor. This route also would enable synergies to be explored with the Colosseum refurbishment (see Appendix 1), which would provide time and cost efficiencies to the council. The second procurement relates to securing an operator for the Innovation and Incubation Hub. The council does not have the capacity or capability to manage the operation of a hub directly. Therefore the proposal is to go to the market to procure an operator. The exact nature of any commercial terms would need to be established; however, the model that appears to have the most alignment to the council's requirements is the operator management fee arrangement, whereby the council would keep control of the building and enter into a contract with a suitably experienced operator who would deliver the services in the hub and be managed by the council on the basis of the KPIs set and agreed at the outset. Furthermore, the soft market testing exercise received three submissions, all experienced operators of innovation hubs. All expressed an interest in the proposition, including the location of Watford itself and the Town Hall, and all believed that they could operate a profitable operation for both themselves and the council in this context.



## **8.4 Financial Case**

Financially the proposed future usage of the Town Hall is expected to deliver a saving of £140,000 per annum (averaged across an eight year period). This arises from new staffing to support the longer opening hours of the museum and new bespoke off-site storage for the museum collections which total a revenue growth of £100,000 per year. It also expected that the Innovation and Incubation Hub will deliver an income to the council of approximately £100,000 per year. To enable the future usage of the buildings the council's office accommodation footprint needs to reduce significantly. As a consequence of this, the cost of the space that is used by both staff and members will reduce by approximately £300,000.

The anticipated cost of the works stand at £11.55m and cover not just the much needed refurbishment of the main Town Hall building, but also the fit out for the Museum towards the front of the building, currently housing the Committee Rooms on the first floor and the IT server room and part of the current Colosseum space on the ground floor towards the front of the building, the fit out of the Innovation and Incubation hub, the demolition of the semi-permanent building known as the Terrapin adjacent to Peace Prospect and the refurbishment of the Annexe, situated towards the rear of the main Town Hall building. £8.9M is currently available within the capital programme, therefore, the affordability of the proposals is dependent upon the New Neighbourhoods Project for the Town Hall Quarter being brought to fruition. In addition, further capital receipts will need to be generated from the rationalisation of other council-held property. Appendix 3 shows the breakdown of the funding for the programme and assurances from the project advisers in respect of the New Neighbourhood project.

## **8.5 Management Case**

It is expected that the Town Hall refurbishment will be completed in May 2024 allowing the council staff to move back in from their temporary accommodation on the top two floors of the Annexe. The Innovation and Incubation Hub and Museum fit out work would then commence with the Hub opening in summer 2024 and the Museum ready to open in May 2025.

The project will be managed via a dedicated Project Board reporting into the Town Hall Quarter Programme Board, chaired by the Managing Director. This will allow risks, issues and any potential changes to be actively managed and, where necessary, escalated with a full understanding of any implications. Political oversight will be maintained by a Member Steering Group, chaired by the Elected Mayor and in place since the initiation of the programme, which will continue to allow ongoing progress reporting and feedback from Members.

## 9.0 Implementation Plan

9.1 A full copy of the implementation plan can be found at section 6.7 in both Appendices 1 and 2. However, a summary is included below:

<b>Timeline</b>	<b>Activity</b>
November 2022	Decarbonisation works commence in the Town Hall and Colosseum
March 2022	Decarbonisation works complete in the Town Hall and Colosseum
May 2022	Annexe refurbishment complete and council staff locate to interim space
June 2022	Colosseum operator procurement complete
October 2022	Colosseum detailed designs complete
November 2022	Colosseum refurbishment commences
April 2023	Town Hall detailed designs complete and refurbishment commences
July 2023	Innovation and Incubation Hub operator procurement complete
September 2023	Museum design complete
Autumn 2023	Colosseum reopens
Spring 2024	Town Hall refurbishment complete and council staff return to reduced footprint in the main Town Hall building
Spring 2024	Innovation Hub fit out complete and Hub opens
Spring 2024	Museum fit out commences
Spring 2025	Museum reopens in heritage rooms and the front ground floor rooms of the Town Hall

## 10.0 Implications

### 10.1 Financial

10.1.1 The Shared Director of Finance comments that £8.9m is currently available within the capital programme, therefore, the affordability of the proposals is dependent upon the New Neighbourhoods Project for the Town Hall Quarter being brought to fruition. In addition, the programme will be supported by land receipts and savings in ongoing revenue costs. The table at 10.1.3 shows the breakdown of the funding for the programme. This shows that there remains a gap of £1.775m to be funded through borrowing which will incur interest and MRP charges. It should be noted that, in order to deliver the overall programme, work on the Colosseum and Town Hall will start before the delivery of the regeneration scheme and capital receipts. As a result temporary borrowing will be required to allow the schemes to progress.

10.1.2 The forecast revenue position is a positive one of £142,000 after taking into account ongoing interest and MRP charges.

### 10.1.3

<b>Capital £M</b>	<b>Current</b>
Colosseum	12.390
Town Hall and Annex Refurbishment	9.550
Innovation Hub fit-out	0.250
Museum fit-out	1.750
Project Costs	0.880
<b>Total Cost</b>	<b>24.820</b>
Existing Capital Budget	-8.900
Benskin House Capital Receipt	-0.500
<b>Gap - Required from Development</b>	<b>15.420</b>
Capital Receipts - LHSIM (non/low income generating)	-4.240
Capital Receipts - Surplus Sites	-3.105
Projected Contribution from Development	-6.300
<b>Revised Gap</b>	<b>1.775</b>
<b>Revenue £M</b>	
Colosseum	0.000
Town Hall and Annex Buildings	0.340
Innovation Hub	-0.130
Museum	0.220
<b>Total</b>	<b>0.430</b>
Existing Revenue Budget	-0.700
<b>Revenue Gap</b>	<b>-0.270</b>
Loss of Rental Income	0.033
Capital Financing Charges	0.095
<b>Total Revenue Gap</b>	<b>-0.142</b>

10.1.4 Final budgets, including a full resourcing plan, will be agreed as part of the 2022/23 Budget determination.

## 10.2 Legal Issues (Monitoring Officer)

10.2.1 The Group Head of Democracy and Governance comments that the funding for these projects will need to be approved as part of the budget setting process by Council in January 2022. All procurements will be undertaken in accordance with the council's contract procedure rules and Public Contract Regulations. Cabinet set up a Member Steering Group to provide oversight of the programme. This steering group has been kept regularly apprised of progress and will continue to have oversight as the programme progresses. Regular formal updates on the progress of the programme will also be provided to Cabinet.

### **10.3 Equalities, Human Rights and Data Protection**

10.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

In order to fulfil our duties under the Equality Act 2010 and the council's commitment to equality and diversity, equalities impact analysis for both the Colosseum and the Town Hall have been undertaken. The analyses, for the Colosseum Refurbishment and the Town Hall Refurbishment is attached as Appendices 1C (Colosseum Refurbishment) and 2D (Town Hall Refurbishment) to this report.

#### **10.3.2 Colosseum Refurbishment Equality Impact Analysis**

The main conclusions of that analysis are that the refurbishment of the Colosseum will bring about a number of positive impacts. It will ensure that the building remains inclusive and accessible and provides wider sectors of the community, including those with protected characteristics, with access to culture and the arts. No negative impacts which cannot be mitigated have been identified in relation to the refurbishment of the building but a number of recommendations have been made which will ensure that a commitment to equalities remains at the heart of the refurbishment.

The full Equality Impact Analysis is attached as Appendix 1C.

#### **10.3.3 Town Hall Refurbishment Equality Impact Analysis**

The Equality Impact Analysis identified a number of positive impacts from the Town Hall refurbishment proposals, recognising the opportunities to open up the Town Hall to the community, taking into account how the needs of those with protected characteristics can be incorporated into future designs and planning. Similarly, the needs of staff and members can be assimilated into the planning for the Town Hall, blending with the needs of the community to deliver a building that is welcoming, accessible and inclusive.

The full Equality Impact Analysis is attached as Appendix 2D.

### **10.3.4 Data Processing Impact Assessment**

Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

## **10.4 Staffing**

10.4.1 There is no impact on the existing establishment as a result of these plans. It is assumed that the Innovation Hub and Colosseum operator contracts will be managed by existing resource. However, the projects themselves will need to be adequately resourced to ensure that they are delivered. In line with the council's approach to programme and project management across the organisation, a flexible resourcing model is proposed. Given that the need for project management is expected to change as the programme progresses, this approach will allow resource to flex in line with the programme implementation plan. This will also ensure that costs associated with resourcing are similarly proactively managed with any resource not required at redeployed to other programmes and/or projects within the council, representing a saving to the programme and keeping costs to a minimum where possible. The Programme Board and Member Steering Group will maintain an overview of the resourcing model.

## **10.5 Accommodation**

10.5.1 The retention of agile working for staff will significantly reduce the council's floor space. Having worked closely with our Staff Ambassadors Group and elected members and conducted a series of surveys with council staff, it is clear that the extensive space currently available in the Town Hall is no longer required. Furthermore, as staff continue to work from home, there is a need for the council offices to reflect the need for collaborative space rather than multiple desks in segregated offices. In line with the commitment contained within the Council Plan 2020-24, the programme will therefore introduce modern and fit for purpose offices which will ensure that the council can continue to deliver high quality services for residents.

10.5.2 Whilst the Town Hall decarbonisation works are undertaken between November 2021 and spring 2022, limited space will be available for council staff at the Town Hall, although the face to face customer service centre will be retained. The council chamber will also be available for use for democratic meetings and meeting space will be available for members on the ground floor. Council staff will instead have access to existing office space as Wiggshall Depot, Cassiobury Hub, Cheslyn House, Woodside Sports Centre and Watford Community Housing.

10.5.3 During this period, the Annexe, situated towards the rear of the Town Hall, will be refurbished to be initially used by council staff and members between spring 2022

and spring 2024 as the main Town Hall refurbishment takes place. From spring 2024, the council staff and members will move back into a much reduced footprint within the main Town Hall building, with the space reflecting the requirements introduced as a result of agile working. It is this new way of working and associated reduction in floor space which allows the relocation of the museum and implementation of the Innovation and Incubation Hub in the Town Hall.

## **10.6 Community Safety/Crime and Disorder**

10.6.1 Section 17 of the Crime and Disorder Act 1998 requires the council to give due regard to the likely effect of the exercise of its functions on crime and disorder in its area and to do all it reasonably can to prevent these. Consequently, the implications of the programme and its constituent projects on crime and disorder have been considered but no impact either positive or negative has been identified.

## **10.7 Sustainability**

10.7.1 In July 2019, Watford Borough Council declared a climate emergency and made a commitment to achieve net carbon neutrality by 2030. As such, sustainability is woven into the fabric of the Town Hall Quarter programme and, in particular, the refurbishment of both the Town Hall and Colosseum delivering on the vision to 'champion a greener, more sustainable Watford'.

10.7.2 The refurbishment of both heritage buildings will introduce enhanced utility efficiency contributing to the council's sustainability target and reducing electricity, gas and water consumption as well as the overall carbon footprint of the building.

10.7.3 To achieve this, the council has been successfully awarded £3.7m from the government's Public Sector Decarbonisation Scheme to decarbonise the Town Hall and Colosseum buildings. This work, scheduled between November 2021 and March 2022, includes the refurbishment of windows, heating control and lighting improvements, cavity wall and roof insulation enhancements and the introduction of photovoltaic panels and storage.

10.7.4 Furthermore, the plans for ongoing agile working for staff is expected to reduce footfall within the town and reduce the carbon footprint of staff who will be making less journeys to the physical Town Hall and contributing towards less congestion on our roads, in line with our draft Sustainable Transport Strategy.

## **Appendices**

- Appendix 1 – Colosseum Business Case
- Appendix 2 – Town Hall Refurbishment Business Case

## **Background papers**

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

- Town Hall Quarter Cabinet Report dated 18 January 2021
- Town Hall RIBA Stage 1 report