

Part A

Report to:	Cabinet
Date of meeting:	13 March 2023
Report author:	Town Hall Quarter Programme Manager
Report sponsor:	Chief Executive
Portfolio holder:	Peter Taylor, Elected Mayor of Watford
Report title:	Town Hall Quarter programme: An update to the Town Hall and Colosseum Refurbishment Business Cases

1.0 Executive 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'*. On 6 December 2021 Cabinet subsequently approved the Outline Business Cases for the Town Hall and Colosseum refurbishments, with the budget being approved by Full Council in January 2022.
- 1.2 The aim to regenerate the area at the northern end of the High Street and create a vibrant public space has been a council ambition for some time. However, the Covid-19 pandemic provided an opportunity to redefine the programme to ensure it could leverage maximum benefit for those sectors of the Watford 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 2022-26, and contributes towards many of our key corporate strategies.
- 1.3 The Town Hall Quarter programme is an ambitious, exciting and innovative plan to redefine a key part of Watford's thriving town centre. It will ensure we retain the town's regional draw, securing its reputation as not just a great place to shop, but as a vibrant and exciting place for culture and the arts, whilst simultaneously embracing the council's commitment 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 Over the last 12 months there has been significant progress made in the delivery of the Town Hall Quarter Programme and this report presents a Full Business Case for the refurbishment of Watford Colosseum in addition to an overall update on the progress of the Town Hall refurbishment.
- 1.5 The Colosseum refurbishment Full Business Case is attached at Appendix 1 and recommends the appointment of AEG as operator of Watford Colosseum alongside a full refurbishment of the Colosseum building. The re-opening of a refurbished building will help create a strong cultural hub at the northern end of the High Street, complementing the varied cultural and creative facilities already present across the town and the future refreshed public realm space outside and around the historic Town Hall as part of the New Neighbourhood project. The reconfiguration and refurbishment plans have been developed in conjunction with the operator recommended for appointment, following a detailed dialogue process. Members, theatre design specialists and local cultural stakeholders have all been involved in the design to this point and, given the historical significance of the building, listed building consent was achieved in August 2022. The final design stage is near completion and this report seeks delegated authority for the Elected Mayor, in consultation with the Chief Executive and Associate Director of Customer and Corporate Services, to appoint the refurbishment contractor, providing the costs are within the council's existing budget. Subject to approval of this business case, the receipt of the final construction programme and contractual negotiations with the preferred operator, it is expected that the refurbished Colosseum will reopen, with a new operator, in Spring 2024. The implementation plan can be seen in section 7.6 of Appendix 1.
- 1.6 The Town Hall refurbishment is another key component of the programme. The Outline Business Case which was approved at Cabinet in December 2021 recommended a full refurbishment of the existing Town Hall building to facilitate the following changes:
- A radical 74% reduction in the floor space required by the council as they embed agile ways of working. This will allow for a new, more efficient workspace 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, celebrating the rich and diverse history of our town.
 - The creation of an Innovation and Incubation Hub to support small and medium enterprises across the region, boosting employment 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)

There has been significant progress in the design development for the Town Hall refurbishment. This report seeks delegated authority for the Elected Mayor in consultation with the Chief Executive and Associate Director of Customer and Corporate Services to appoint the contractor for the Town Hall refurbishment subject to the final contract price being within the overall project budget envelope as outlined in Section 5.1 of this report. Subject to the final price being affordable, it is expected that the refurbishments will be completed by Spring 2024 which will then allow for the Innovation Hub to launch in Summer/Autumn 2024 and the museum in Summer 2025, following completion of the fit out.

- 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. This work has been underway since 2022 and is due to complete in April 2023. The £3.2m grant, which highlights the council's commitment to sustainability, has been used to refurbish windows, heating control and lighting improvements, cavity wall insulation 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 The ambitions for the Town Hall Quarter Programme to realise the vision of creating *'a vibrant and thriving hub in the heart of the town'* are cemented by the redevelopment of the surrounding area to promote investment and growth in Watford, secure transition to a low-carbon economy and support the cultural and creative sectors alongside the delivery of a vibrant and attractive new neighbourhood. Following a competitive dialogue procurement process, in November 2022 Cabinet approved the recommendation of Mace Develop as a preferred private sector development partner with whom the council could establish a joint venture (JV) vehicle to develop the land around the Town Hall. Mace and the council agreed to pause formal investment at the current time due to existing market uncertainty but work on a business plan continues. It is intended that a report will come back to Cabinet in late 2023 or earlier should market conditions stabilise.
- 1.9 In line with the council's approach to programme and project management across the organisation, a flexible resourcing model is in place that allows resource to flex in line with the programme implementation plan. This ensures

that costs associated with resourcing are similarly proactively managed with any resource not required 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.

- 1.10 The Equality Impact Analyses for both the Town Hall and Colosseum refurbishments identified a number of positive impacts. Further detail is given in section 5.4 below and a review of the Equality Impact Analysis for the Colosseum in line with the Full Business Case (Appendix 1 Part B) is attached in Appendix 1c (Part B).

2.0 Recommendations

- 2.1 To select AEG as preferred bidder for the Colosseum Operator re-tender and to authorise the Director of Partnerships, in consultation with the Group Head of Democracy and Governance and the Portfolio Holder for Neighbourhood Services, to enter into negotiations and contract with the preferred bidder, keeping the Elected Mayor and Town Hall Quarter Member Steering Group updated on the progress of negotiations.
- 2.2 To hold Parkwood in reserve should the council be unable to reach contractual agreement with AEG pending financial viability.
- 2.3 To authorise the Elected Mayor in consultation with the Chief Executive and Associate Director of Customer and Corporate Services to appoint the contractor for the Colosseum refurbishment works, subject to the final contract sum being within the overall programme budget envelope as outlined in section 5.1 of this report.
- 2.4 To authorise the Elected Mayor in consultation with the Chief Executive and Associate Director of Customer and Corporate Services to appoint the contractor for the Town Hall refurbishment works subject to the final contract sum being within the overall programme budget envelope as outlined in section 5.1 of this report.
- 2.5 To authorise the sum of £1,184k to be taken from the Strategic CIL fund to contribute towards the maintenance and operation of the Colosseum

3.0 Decision Pathway

- 3.1 Next decision-making body Cabinet:

- 3.1.1 Indicative date: 13th March 2023

- 3.2 Final decision-making body: [Cabinet](#)

- 3.2.1 Indicative date: 13th March 2023

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Reviewed and signed off by: *Donna Nolan, Chief Executive*

4.0 Detailed Proposal

4.1 Programme Background

- 4.1.1 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 the Council Plan 2022-26. 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 post-Covid, cost of living era, recognising the significant benefits it will bring to our community; providing support for our businesses in a challenging economic climate, 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.

- 4.1.2 The existing programme was formally initiated in January 2021 with authority given and budget allocated for the next phase of discovery work to commence. This first phase culminated in the development and subsequent approval of the outline business cases for the Town Hall and Colosseum refurbishments by Cabinet in December 2021. In January 2022, Budget Council approved 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. Over the last 12 months the programme has progressed significantly. This report details the key milestones that have been achieved in the last period and provides an update against the budget that is allocated.
- 4.1.3 Whilst the aim to improve the area around the Town Hall, which is regarded as underutilised, had been a council ambition for some time some time, the emergence of Covid-19 and the development of our new Strategic Framework, led by our Council Plan 2022-26, provided an opportunity to strategically align the Town Hall Quarter programme with the wider renewal of the town following the successive lockdowns. See section 4.3 for more information on the strategic alignment of the programme with the council’s wider ambitions.
- 4.1.4 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 revived creative, cultural and heritage offer. It will revitalise Watford, providing a huge economic boost post Covid and 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.

4.2 Programme Context: Town Hall Quarter Vision

4.2.1 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 who are interested in, 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.

4.2.2 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

4.3 Strategic Alignment

The Town Hall Quarter programme aligns and contributes to a range of strategic ambitions committed to by the council, including in the Council Plan 2022-26 where the delivery of this activity is a stated commitment. The programme also helps to fulfil the ambitions outlined within our Economic Growth Strategy 2021-25, Cultural Strategy 2018-2025, Environmental Strategy 2023-2030 and Customer Experience Strategy 2022-26.

4.4 Refurbishing and Re-opening the Colosseum: Full Business Case

Watford 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. 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 has provided an ideal opportunity to undertake much needed refurbishment and reconfiguration work to the building whilst causing the minimum disruption possible. In December 2021 Cabinet approved the recommended option for refurbishment - to undertake a full refurbishment of the Colosseum building. This involves: 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 will also see the delivery of a programme of enhancements to the building, addressing issues that currently negatively impact on the building's commercial operation.

The programme of work currently anticipates practical completion of the refurbishment works in November 2023 with the venue opening shortly

afterwards in the new year, subject to the lead-in needs of the operator. It should be noted that this timeline is dependent on the receipt of the final design, cost plan and programme expected in late March 2023.

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 future visitors to the Colosseum would combine their visit with a meal, drink or shopping trip. It would also provide job opportunities for approximately 13 full time and numerous casual staff and a number of 'community' days.

4.4.1 Project progress: Colosseum Refurbishment

Since December 2021 the design team including architects, structural, mechanical and electrical engineers as well as theatre and acoustic experts have developed the approved stage 2 'Concept Designs' in conjunction with significant engagement from officers, Members, local cultural stakeholders and potential operators. The Member Steering Group approved the RIBA Stage 3 designs in April 2022, following which Morgan Sindall was appointed as design and build contractor through a competitive procurement process. Alongside close dialogue with Members and the bidding operators, the Morgan Sindall design team has been developing the designs further into detailed, technical proposals and it is expected that these will be submitted with a final cost plan in March 2023. In order to ensure that the existing programme can be maintained, this report recommends that Cabinet authorise the Elected Mayor in consultation with the Chief Executive and Associate Director of Customer and Corporate Services to appoint the contractor for the Colosseum refurbishment works. This would be subject to the final contract sum being within the overall programme budget envelope. As there has been close engagement in the design development, it is not anticipated that there will be any unexpected design items in the final submission.

4.4.2 Project progress: Procurement of a new Colosseum Operator

In March 2022, the Member Steering Group agreed a set of prioritised procurement objectives in order to drive the format of the procurement and the evaluation criteria. These are listed below:

- 1) To operate the Colosseum to eliminate any need for a subsidy for the facility and to provide a positive management fee payment or income to the council.
- 2) For the Operator to provide a commercially successful, balanced and varied public events and arts programme.
- 3) To enable cultural activity opportunities to encourage greater participation in the arts (daytime and off-peak hours), alongside developing a greater daytime use of the Colosseum.
- 4) Transfer of risk on asset management (repair, maintenance, lifecycle

replacement) to be transferred to the new operator. This will be achieved through a full repairing and maintenance lease, or operating contract, depending on the outcome of dialogue.

- 5) The Operator will be responsible for all utility costs and any other charges linked to the operation of the venue for the whole contract period (BID levy and business rates).

In June 2022, a competitive dialogue procurement process commenced to allow the council to explore the optimum commercial solution that would best meet the council’s agreed objectives for a future Colosseum operator contract. The procurement objectives listed in section 4.4.2 communicated to tenderers what the council’s aspirations were for the future operator contract and have been key to the assessment of bidders’ proposals. The procurement objectives were used to inform the formulation of appropriate Evaluation Criteria for scoring submissions. The Evaluation Criteria for the procurement process were agreed as follows:

Volume	Weighting – Tier 1	Question	Weighting – Tier 2
1. General	n/a		
2. Operational proposals	42.5%	Question 1 – Approach to Operating Methodology	10%
		Question 2 – Approach to Programming	15%
		Question 3 – Approach to Pre-Opening & Design Development	5%
		Question 4 – Approach to Sustainability & Social Value	5%
		Question 5 – Amendments to Statement of Requirements	7.5%
3. Financial & Commercial proposals	40%	Question 6 – Financial Offer	25%
		Question 7 – Strength and Deliverability of the Business Plan	15%
4. Legal & Technical proposals	17.5%	Question 8 – Amendments to HoT	15%
		Question 9 – Amendments to Facilities Description	2.5%

Procurement Process

The council received four expressions of interest during the Selection Questionnaire stage. From these, the Mayor and Member Steering Group agreed to the invitation of three organisations to participate in dialogue.

The dialogue process was separated into two stages:

- initial discussions followed by submission of Detailed Proposals which were reviewed by the council and its advisers with feedback provided to tenderers; and
- a Final Tender.

Early in the dialogue process one organisation decided to withdraw from the dialogue process stating that it did not believe that it would be able to meet the council's objectives, whilst also generating a suitable return from the operation.

Dialogue continued with the remaining two organisations both of whom submitted a Final Tender in January 2023. Both tenders were considered compliant, albeit they differed from the original commercial objectives. Through the dialogue process, and in response to feedback from the bidders and appointed commercial advisors, the council came to accept these alternative solutions. Following this rigorous process, it is recommended that AEG is selected as preferred bidder for the Watford Colosseum Operator contract and the Director of Partnerships, in consultation with the Group Head of Democracy and Governance and the Portfolio Holder for Neighbourhood Services, are authorised to enter into negotiations and contract with the preferred bidder.

With a second compliant bid, albeit one scoring lower than the preferred bidder, it is recommended that Parkwood are held in reserve should the council be unable to reach contractual agreement with AEG pending financial viability. Further details of the assessment of the two bids submitted are contained within Appendix 1b (Part B).

4.5 The future of Watford Town Hall: Refurbishment and Revitalisation

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. It is in need of significant refurbishment to ensure its long-term sustainability for ongoing use by the Watford 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.

The outline business case approved at Cabinet in December 2021 recommended 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, which would be 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, opening the Town Hall up to the community. New council office space on a much-reduced footprint with 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% from 2020 levels, 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 an open, accessible organisation.

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 the listed Benskin House, which is no longer suitable as a location for a modern museum and heritage service and realise a capital receipt.
- The Innovation and Incubation Hub would provide space for local businesses supporting local employment within the town.
- 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 from 2020 levels, 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.

4.5.1 Town Hall Refurbishment Project Progress

In December 2021, Cabinet approved the recommendation of the Outline Business Case for the Refurbishment of the Town Hall to proceed with the delivery of a comprehensive refurbishment of the existing building and the fit out to service the proposed future uses of the Town Hall. 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.

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.

Over the past 13 months there has been significant progress in the design of the future Town Hall space. Following engagement with services from across the council, Members and external stakeholders, the Member Steering Group approved the RIBA Stage 3 – ‘Developed Design’ for the Town Hall in November 2022. This stage of the design saw the further development of architect’s plans to include more detail on construction, mechanical and electrical specifications, floorplans, wall, floor and ceiling finishes and final maintenance and operations of the building. This also allows for more detailed costings on the project to be provided.

The designs provide for the following use of space:

- Basement: council and Museum storage and Pest Control work area
- Lower Chamber: Facilities Management and Elections Storage
- Ground Floor: Retained front facing public building reception with self-service facilities and bookable meeting, community and committee space, Museum galleries and entrance, exhibition space and café / retail space
- First Floor: Parking enforcement offices, Community space plus Museum learning and resource space with Museum galleries in the existing Committee Rooms. Retained Council Chamber.
- Second Floor: council collaborative, focused working space and meeting rooms

Following approval of these plans in November 2022 a planning application for Listed Building Consent was submitted and was later granted in January 2023. The design development to work up the final RIBA stage 4 – Technical Designs is being undertaken by Morgan Sindall following their appointment as a Design and Build Contractor in May 2022. It is anticipated that the final design and cost for these refurbishment works will be received in June 2023. This report recommends that Cabinet authorise the Elected Mayor, in consultation with the Chief Executive and Associate Director of Customer and Corporate Services, delegated authority to appoint the main building works contract, subject to approval of the design and the cost being within the overarching programme budget envelope.

5.0 Implications

5.1 Financial

5.1.1 The business cases for the Colosseum and Town Hall refurbishments, approved by Cabinet in December 2021, set out the capital cost model for the Town Hall Quarter programme whereby profits from the joint venture partnership of the New Neighbourhood project, along with the disposal of surplus and investment sites and capital funding already ring-fenced for the Colosseum refurbishment, would fund the works to the Town Hall and Colosseum. This model was subsequently approved by Full Council in January 2022.

5.1.2 In September 2022, Mace (Develop), the final potential partner within the competitive process, indicated that whilst they still wished to proceed with the scheme, they were not in a position to release funds until the economic climate was more certain. As a result, the Town Hall and Colosseum refurbishment projects (including associated projects) were decoupled from the profits of the future Joint Venture development of the New Neighbourhood, with the shortfall met through reprioritisation of the capital programme and the replacement of funding from the joint venture with additional borrowing.

5.1.3 The Shared Director of Finance comments that the latest estimates for the capital receipts ringfenced for the programme indicate that there will be a further additional borrowing requirement of £0.167m as some anticipated capital receipts for surplus sites have now been realised at marginally lower sale values. The additional Minimum Revenue Provision (MRP) and interest charge associated with this additional borrowing requirement can be managed annually within the budget management process.

5.1.4 The below table shows the capital budget for the programme as approved at Council in January 2023 (unchanged from the total funding agreed in January 2022) and how this will be funded alongside the latest projections:

	January 2023 £m	Latest Breakdown £m
Total Capital Budget	24.820	24.820
Funded by:		
Planned Borrowing	-17.142	-17.142
Benskin House Capital Receipt	-0.500	-0.500
Capital Receipts - LSHIM (non/low income generating)	-4.240	-4.073
Capital Receipts - Surplus Sites	-2.938	-2.938
Gap to be met through additional borrowing	0	0.167

5.1.5 The Colosseum and Town Hall Outline Business Cases presented in December 2021 showed an overall net positive revenue position of £141k which was

subsequently included within the Medium Term Financial Strategy (MTFS). One of the objectives in the Outline Business Case for the Colosseum was that the operator contract would become cost neutral and let on a full repairing and insuring lease. This cost neutral objective was included in the MTFS as part of the £141k saving identified.

- 5.1.6 Through the dialogue process undertaken, all tenderers made it clear that they would not be willing to consider a full repairing and insuring lease. Tenderers have also shown that their business cases for a building of this scale are profitable, but only marginally so. They all require guaranteed returns for their services, with the council underwriting the costs, including the management fee, of the operator. The council's ability to manage this risk is through agreement of the annual business plan and an ability to terminate after year four if the council continues to be required to provide financial support outside of repairs and maintenance. The council will need to have both revenue and capital funding available to support the new operator and the maintenance of the building.

This means the council has an estimated funding requirement, over the first 3 years of the contract of £1,384k. There will need to be some flexibility to the funding identified as the split between revenue and capital will depend on the nature of the spend on repairs, enhancement and maintenance of the building. The following additional funding has been identified:

- Savings generated by changes to the museum services: £100k
- Use of the Sustainability Fund Reserve: £100k
- Use of CIL: £1,184k

- 5.1.7 The proposals are expected to be broadly cost neutral over the remainder of the term of the contract, although it will be necessary to build a reserve to manage the peaks and troughs of expenditure.

- 5.1.8 Beyond this pressure over the first three years of the operator contract, the programme continues to work towards achieving the position reflected in the MTFS. However, the business case relies on a number of assumptions in relation to the cost recovery of lettable space in both the Town Hall and the Annexe, and also the future cost of Facilities Management which will be determined via an ongoing review of the council's Facilities Management service to align with the future operation of the repurposed Town Hall.

- 5.1.9 Significant work has taken place on this over the last period to determine the cost position for specific areas of the Town Hall, based on these assumptions, and over the next period these will be tested (ie – current rates paid by community groups). If these assumptions are incorrect, there would be an additional pressure. However, with vastly reduced future council office space, the cost of operating council office accommodation continues to show a reduction of over £300k in the costs attributable to the accommodation of

Council staff which, along with the decarbonisation works, are already helping to mitigate any future pressure.

5.2 Legal issues (Monitoring Officer)

- 5.2.1 The Group Head of Democracy and Governance comments that all procurements have been undertaken in accordance with the council's contract procedure rules and Public Contract Regulations and legal advice has been obtained throughout the Colosseum Operator retender competitive dialogue process from Browne Jacobson LLP. Browne Jacobson comment that they are not aware of any failure by the Council to comply with the PCR, or of any other instance of legal non-compliance, in relation to this procurement. The scores awarded in relation to the legal section are supportable and the overall scoring (with the result that AEG is named preferred bidder) flows from correct application of the overall, stated award criteria and is therefore the "correct" result in procurement terms. IPW... who were appointed to advise the council through the competitive dialogue process seeking a new operator comment that the competitive dialogue process was a fair, transparent and auditable process, undertaken in accordance with Public Contract Regulations 2015. AEG's tender was a quality submission, scoring the highest overall. Their tender demonstrated their abilities as an experienced venue operator with the capabilities to successfully manage the Watford Colosseum on behalf of the Council and meet its service requirements.
- 5.2.2 Browne Jacobson have also provided legal advice on the council's ability to use its strategic CIL to help with the funding of the operation and maintenance of the Colosseum. They have confirmed that the Planning Act 2008 and Community Infrastructure Levy Regulations 2010 (as amended) do provide for the council to use strategic CIL to fund the maintenance and operation of infrastructure that supports the development of the council's area and that using it to operate and maintain a recreational facility such as the Colosseum is included in the wider definition of infrastructure.
- 5.2.3 Cabinet set up a Member Steering Group to provide oversight of the programme. This steering group has been kept regularly appraised 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.

5.3 Risks

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Assumptions made in the revenue model regarding cost recovery for the Community Space and Innovation Hub are unrealistic	The council will bear additional costs, increasing revenue pressure if cost recovery is not achievable	Discussions with community groups to commence in the coming months to understand appetite	Treat	2 x 4 = 8
Capital financing charges exceed the 3% interest rate budgeted for	Capital financing will be in excess of the budget	Risk to be reviewed across the capital programme	Tolerate	2 x 4 = 8
The Colosseum is not re-open in Spring 2024	Impact on ability for operator to undertake programming and income generation as per their business plan thus adding cost to the council	Clear programme plan in place with sufficient contingency. Appropriate Liquidated Ascertained Damages (LADs) in place to mitigate the delay risk to the Council.	Treat	2 x 2 = 4
Contract negotiations with the preferred Colosseum Operator fail	Final terms acceptable to both parties cannot be reached	Hold reserve bidder as it remained a compliant bid. Additional resource to focus on negotiations	Treat	2 x 3 = 6
Final contractor sums for the Colosseum are beyond the budget envelope leading to a delay in opening	Inflation, material shortages, additional remedial works to the ceiling	Professional advice sought to set the contingency level in the project given the market conditions Operator to be engaged on any	Treat	2 x 4 = 8

		design changes to reduce costs		
Final contractor sums for the Town Hall are beyond the budget envelope	Inflation, material shortages	Professional advice sought to set the contingency level in the project given the market conditions	Treat	2 x 4 = 8
A viable alternative innovation hub model cannot be developed	Cost recovery cannot be achieved and model shows a cost to the council	Investigate different split of uses of the Annexe floors between Innovation Hub and potential commercial letting	Treat	2 x 3 = 6
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

5.4 Equalities, Human Rights and Data Protection

5.4.1 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, an equalities impact analysis for both the Colosseum and the Town Hall were undertaken and included in the pack to Cabinet in December 2021. Following the developments detailed in this paper these analyses have been reviewed and updated. The analyses, for the Colosseum Refurbishment and the Town Hall Refurbishment are attached as Appendices 1b (Colosseum Refurbishment) and 2 (Town Hall Refurbishment) to this report.

Colosseum Refurbishment Equality Impact Analysis

The main conclusions of the 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 and has been reviewed and updated in light of the outcome of the Colosseum operator procurement and progression of the refurbishment plans.

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.

5.4.2 Following consideration, the proposals within the Town Hall project are not deemed to affect any of the fundamental rights and freedoms set out in the Human Rights Act 1998.

5.4.3 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.

5.5 Sustainability

5.5.1 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'.

5.5.2 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.

- 5.5.3 To achieve this, the council has been successfully awarded £3.2m from the government's Public Sector Decarbonisation Scheme to decarbonise the Town Hall and Colosseum buildings. This work, which is scheduled to complete in April 2023, includes the refurbishment of windows, heating control and lighting improvements, cavity wall and roof insulation enhancements and the introduction of photovoltaic panels and storage.
- 5.5.4 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.
- 5.5.5 Sustainability was considered during the dialogue stage with tenderers for the future operation of the Colosseum. The Council is satisfied that either party would implement appropriate sustainability management arrangements.

5.6 People Implications

- 5.6.1 It is assumed that the Colosseum operator contract will be managed by existing resource, however, as building maintenance liability and risk will now remain with the council it is possible that additional facilities and asset management resource will be required. This has been factored into the financial modelling included within section 5.1 above but requires further discussion with the preferred bidder in terms of an operating model. Furthermore, the revised usage and layouts of the Town Hall will also require review of building operation and facilities management. This is being undertaken as part of a wider review into this service.
- 5.6.2 Due to the uncertainty regarding the future operation of an Innovation and Incubation Hub, the staffing implications are not yet known.
- 5.6.3 It is anticipated through the relocation of the Museum to the Town Hall that there will be an appropriate staffing structure to reflect new opening hours, exhibition layout and activities proposed. This will be refined as the Full Business Case is developed, and is dependent upon whether the council is successful in its bid to the National Lottery Heritage Fund. The expected financial implication of these changes is included within the revenue modelling in this paper however the detail will be presented to Cabinet alongside the Full Business Case in 2024.
- 5.6.4 The projects themselves 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 currently

in place and set to continue. 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.

5.6.5 Accommodation

In July 2022 council staff moved into the newly refurbished 2nd and 3rd floors of the Annexe as a temporary location whilst the Town Hall undergoes refurbishment. The Staff Ambassadors Group were closely engaged throughout the design of this space to meet our agile working needs. A staff survey was undertaken in November 2022 with an overwhelmingly positive response to the new, temporary space. Feedback from this survey and ongoing engagement with staff is supporting the design development of the permanent new council office space in the refurbished Town Hall. In addition to staff moving out of the Annexe when the Town Hall is refurbished, teams currently based at Wiggshall Depot will relocate to the Town Hall. These teams have been engaged in the design process to ensure their specific operational requirements are met by the new space. In line with the commitment contained within the Council Plan 2022-26, 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.

5.6.6 It was recognised that there were a small number of teams whose operational requirements could not be met from the space available in the Annexe, therefore, these teams have remained at the Town Hall. Following the NHS vacation of the Terrapin last year, in October 2022 these teams remaining in the Town Hall relocated to the Terrapin to facilitate the completion of the decarbonisation works. These teams will remain in their temporary locations whilst the main Town Hall building is refurbished. Following this, they will be relocated to their final locations in the Town Hall. Undertaking the works in this order allows the requirements of these teams to be met from within the Town Hall Quarter throughout the works period.

5.7 Community Safety/Crime and Disorder

5.7.1 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. The dialogue with tenderers for the future Colosseum operator contract covered Community Safety/Crime and Disorder

and the Council is happy that both bidding operators would be able to provide sufficient management interventions to ensure safe operation of the Colosseum, inside and outside.

6.0 Actions arising from this Proposal

6.1 The final design, cost plan and programme is currently awaited from the construction contractor. Based on the current programme, it is expected that the Colosseum refurbishment will be completed in Winter 2023 when the appointed operator will undertake their own mobilisation activities ahead of opening in Spring 2024. It is expected that the Town Hall refurbishment will be completed in Spring/Summer 2024. The Museum fit out work would then commence and be ready to open in Summer 2025. A summary of the implementation plan, based on current information, is shown in the table below.

Timeline	Activity
March 2023	Colosseum operator appointed
April 2023	Decarbonisation works complete in the Town Hall and Colosseum
April 2023	Colosseum refurbishment commences
June 2023	Town Hall detailed designs complete and refurbishment commences
Winter 2023/24	Colosseum refurbishment complete
Spring 2024	Colosseum reopens
Spring 2024	Town Hall refurbishment complete
Spring 2024	Innovation Hub fit out complete and Hub opens
Summer 2024	Museum fit out commences
Summer 2025	Museum reopens in the Town Hall

6.2 Each project continues to be managed via a dedicated Project Board reporting into the Town Hall Quarter Programme Board, chaired by the Chief Executive. 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.

7.0 Appendices

- Appendix 1 – Colosseum Full Business Case (Part B)
- Appendix 1b – Report on the outcome of the Colosseum Operator Procurement process (Part B)

- Appendix 1c – Colosseum Refurbishment Equalities Impact Assessment (Part B)

8.0 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 Quarter Cabinet Report dated 6 December 2021
- Town Hall RIBA Stage 3 report
- Colosseum RIBA Stage 3 report
- Town Hall Refurbishment Equalities Impact Assessment