


## London Borough of Waltham Forest

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| Report Title                      | <b>Soho Theatre Walthamstow – Project Update</b>   |  |
| Meeting / Date                    | Cabinet, 9 <sup>th</sup> May 2024  |  |
| Cabinet portfolio                 | Councillor Ahsan Khan,<br>Deputy Leader (Housing<br>and Regeneration)  |  |
| Report author/<br>Contact details | Joe Garrod, Acting Strategic Director<br>Place<br><a href="mailto:Joe.garrod@walthamforest.gov.uk">Joe.garrod@walthamforest.gov.uk</a>   |  |
| Wards affected                    | Hoe Street   |  |
| Public access                     | OPEN except for Appendix 1 which is EXEMPT in accordance with Section 100(A-H) of the Local Government Act 1972 and Schedule 12A as amended, on the grounds that it involves the likely disclosure of exempt information, as defined in Part 1, paragraph 3, as it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and disclosure would not be in the public interest. |  |
| Appendices                        | Appendix 1 - Project Forecast Cost Outturn [Exempt]<br>Appendix 2 – Equalities Impact Assessment   |  |
| 1.                                | Summary  |  |
| 1.1                               | This report updates Cabinet on progress in delivering the Soho Theatre Walthamstow (former EMD Cinema) as a significant cultural venue in partnership with Soho Theatre.   |  |
| 1.2                               | Further to the agreed recommendations in the last report presented to Cabinet, this report provides an update on construction, programme and forecast costs of delivering the project, as this historic landmark Grade II* Listed Building moves towards completion.   |  |
| 2.                                | Recommendations  |  |
| 2.1                               | Cabinet is recommended to:   |  |
| 2.1.1                             | Note the programme and construction update that advises of practical completion in late September 2024.  |  |
| 2.1.2                             | Note the initial proposals and programme for the Welcome Festival.   |  |
| 2.1.3                             | Agree and note the revised project budget as identified in Appendix 1 (Exempt).  |  |

### 3. Proposals

#### Background

- 3.1 The borough's longstanding ambition to protect this landmark building, build on its history and re-activate it as a leading cultural destination is nearing completion, as per the latest programme update.
- 3.2 As previously reported, the forecast Economic Impact of the theatre to the local economy has increased from £46m to £61m over the first 10 years of operation. This is an increase from the business case range of between £34m to £52m. Over £6.7m of Social Value has been delivered through the construction contract exceeding the £2.2m commitment, with 75 job opportunities created.
- 3.3 Investment in the restoration of Soho Theatre Walthamstow has formed the foundation for a clear direction of travel for the borough. This based on using culture and creativity as a key transformative approach to tackle inequalities, deliver economic growth, jobs, local area improvements and improved quality of life for residents, with culture seen as fundamental to a healthy and inclusive society.
- 3.4 The Theatre has been the catalyst for the borough's first Cultural Quarter, which in December 2022 Cabinet approved the creation of under the Destinations Business Plan. Last year, Waltham Forest received £17m from the government's Levelling Up Fund. Of this, £3.8m is directed towards public realm improvements in and around Hoe Street and the High Street. A further £1.9m towards the external/internal refurbishment of Hatherley Mews for creative workspace and hospitality space. Works are well underway on this Public Realm workstream/interface.
- 3.5 The Culture Team is working closely with Soho Theatre Walthamstow to tailor a launch experience, The Welcome Festival, with events for residents from across the borough and for visitors to enjoy and familiarise themselves with the area, the opportunities and the heritage that the restoration of the Soho Theatre Walthamstow building brings to the community.

#### Construction Update

- 3.6 The revised date for construction practical completion of the Theatre is late September 2024, which the Project Team continues to review and monitor. Since the last update to Cabinet, considerable progress has been made in the restoration of what was a semi derelict building. Despite further discoverables on site the auditorium, entrance foyer and cross hall ceiling works are complete and approved by English Heritage. With the scaffolding removed, the impressive scale of the building can be seen for the first time since restoration works commenced.

- 3.7 Elsewhere in the building, the back of house is complete bar the final floor finishes with lighting, mirrors and showers in dressing rooms. The Community Suite is fully formed and decorated, with painting to complete in the larger community room. The commercial units are complete and await handover imminently.
- 3.8 Market conditions for the construction sector remain challenging. The contractor is known to have suffered further supply chain issues as identified and considered in the July 2022 Cabinet Paper on the Impact of Current Market Conditions on Major Capital Programmes with further sub-contractors working on the project having gone into administration. This notwithstanding, the visible progress on site, a detailed programme to completion and agreement of the formal extension of the contract provides assurance of the revised completion date being achievable.

#### Soho Theatre and Welcome Festival Update

- 3.9 The council's operating partner, Soho Theatre, continue to prepare for opening led by their co-executive Director for Soho Theatre Walthamstow. It is anticipated that the theatre will have an active frontage with café and bar, and a programme of ticketed shows available in the main auditorium in early 2025. Post practical completion, as identified in paragraph 3.6, Soho Theatre will commence their fitout of the building.
- 3.10 The Welcome Festival will celebrate and reveal the completed restoration works to residents and wider stakeholders of the project. These events will be run by Soho Theatre Walthamstow, with additional opportunities to host Council run events in the lead up to the formal opening, as previously agreed.
- 3.11 The programme for the Welcome Festival is in the process of being agreed with officers and will span post-fit out, from November 2024 through to the reactivation of the theatre by Soho Theatre Walthamstow in February 2025.
- 3.12 The Welcome Festival will focus on activities within the theatre whilst also connecting with activities in various cultural venues across Walthamstow. Within the Theatre, the Festival will include smaller performances by schools and young people in the community suite, tours of the building and culminating in test events and a community performance, scheduled for the last quarter of 2024/first quarter of 2025.
- 3.13 Officers are working closely with Soho Theatre to maximise the employment prospects for local people in Soho Theatre Walthamstow, along with opportunities for local suppliers.
- 3.14 An integrated communications plan is being developed with Soho Theatre to optimise the opportunity to tell the stories of the past, present and future of the building highlighting the impacts and benefits this is already bringing to Waltham Forest residents and businesses.

## Protecting and Maximising the Community Programme

- 3.15 Align with the original Business Case, any surplus generated by the Theatre will be reinvested into the Theatre itself and the community programme, which will be delivered by Soho Theatre Walthamstow. Soho will also actively manage the community space within the building for the benefit of all residents, targeting groups who do not traditionally visit and benefit from these types of cultural venues. Governance is provided by the Monitoring Committee and financial review is on an open book basis.
- 3.16 Delivering against Mission Waltham Forest, measurable outputs and the equality of offers to benefit all residents are being agreed by the Project Team with Soho Theatre Walthamstow.
- 3.17 Soho Theatre Walthamstow will showcase their community programme during the Welcome Festival.

### Budget Update

- 3.18 The total forecast cost to completion is set out in Appendix 1 (Exempt).

## 4. Options & Alternatives Considered

- 4.1 The current position reflects actual discoverables on site and changes introduced following consultation with stakeholders to ensure that the function, heritage importance and operation of the theatre to achieve business case assumptions are not compromised.
- 4.2 Given the complexity of the construction works to best protect the delivery programme, budget and the projects wider objectives, it is considered that agreeing a formal extension of the contract with the contractor delivers the best outcome. Not agreeing a formal extension was considered but poses the risk of further delay, increased budget pressure and potential contractual dispute.
- 4.3 Officers continue to mitigate the impact of the additional costs and have been successful in applying for grants and reviewing and negotiating costs with the contractor.

## 5. Council Strategic Priorities (and other National or Local Policies or Strategies)

- 5.1 The project directly links with the missions and objectives stated in the Mission Waltham Forest Manifesto as follows:
  - 5.1.1 Build an economy that works for everyone: the project will create and generate wealth that will benefit all the community in the Borough.
  - 5.1.2 Make Waltham Forest a great place to live and age well: cultural facilities that will deliver a varied and entertaining programme that will cater for everyone and every age gap.

5.1.3 Lead the way for a zero net borough: the building has achieved a “very good” BREEAM score despite the challenges of working on a Listed Building.

5.1.4 A focus on services design around residents: the building not only delivers an entertainment space but also resident and community facilities.

## 6. Consultation

6.1 No consultation was necessary in preparing this report as it updates on programme progress in relation to an existing contract and commercial agreement between the Council and its contractor and partner.

## 7. Implications

### 7.1 Finance, Value for Money and Risk

7.1.1 A financial summary is included in Appendix 1 (exempt).

7.1.2 The refurbishment budget has provision for both the theatre and commercial space. The budget is funding all multi-disciplinary fees and professional and technical consultants to deliver the project through to completion of the theatre and commercial space.

7.1.3 £1.625m of funding has been secured by the project from Historic England and s106 contributions.

7.1.4 Included in the budget is a loan for fitout of the theatre and commercial unit C, to be repaid by Soho Theatre Walthamstow over the first 10 years of operation.

7.1.5 Included in the Operating Agreement that is being negotiated with Soho Theatre is an agreement to charge a “restoration levy” of £1.00 to £1.50 on ticket prices, which will be returned to the Council on an open book basis. This levy plus the rental from commercial units will be used in part, to fund the borrowing costs for the refurbishment.

7.1.6 £3.8m of Levelling Up Funding has been awarded to the area around the theatre and Hoe Street to further support local improvements for which the project was a catalyst.

7.1.7 As part of the due diligence process and prior to the buildings acquisition, refurbishment costs were independently verified by commercial advisors but since this date have been impacted by Brexit and cost price inflation.

7.1.8 There are potential financial risks which continue to be actively managed including:

7.1.9 Delivery of refurbishment to time, as any delays will increase costs as well as potential borrowing.

7.1.10 Procurement of professional services and contractors within the budget envelope.

7.1.11 Grant funding not being received, or income from the restoration levy applied to ticket sales or commercial rents being less than current forecasts.

7.1.12 The project has robust corporate management and governance arrangements to carefully control costs and explore further means of generating return on investment. Any additional budget requirement has been allowed for within the Capital Programme Contingency.

## 7.2 Legal

7.2.1 Under section 145(1) of the Local Government Act 1972 the Council has the power to do anything necessary or expedient for various purposes including the provision of a theatre, concert hall, dance hall or other premises suitable for the giving of entertainments or the holding of dances. This power supports the proposals in this report.

7.2.2 The contract between the Council and the main contractor, Willmott Dixon provides the grounds and the mechanism for both extensions of time claims and loss and expense claims to be made, assessed and agreed, or rejected. Any agreed loss and expense claims are added to the contract price. Formal extension of the contract has been agreed with the contractor to conclude these matters as detailed in Appendix 1 (exempt).

## 7.3 Equalities and Diversity

7.3.1 The Council is defining its future relationship with its operator partner, Soho Theatre Walthamstow, in an Operating Agreement. This identifies opportunities for access to the venue and participation in a range of performance, creative and inclusive engagement activities, targeted to encourage participation across communities and equality groups.

7.3.2 This relationship, and opportunities for the community that arise from it, are intended to be monitored and managed via a newly established board that reports to the Soho Theatre Trust Board. This will have strong representation and influence from the Council, to keep the venture aligned to the Council's equalities objectives.

7.3.3 An Equalities Impact Assessment, attached as Appendix 2, was completed in June 2021, and reviewed in April 2024. The main findings are that the new venue, community spaces and hospitality areas at the STW/ Former Granada site will have an extremely positive impact for all residents of the borough including those protected groups under the Equality Act. However, the Council, through its management of both, the existing (including maintaining continuity of service) and new facilities will need to ensure, coordinated with the Operator (Soho Theatre Walthamstow), that its marketing and communications, staff training and positive approach, will reach all of those groups to support their use and enjoyment of the facilities, the improvement in the area's wealth and improved community relations.

## 7.4 Sustainability (including climate change, health, crime and disorder)

7.4.1 The Council sets itself a target of meeting at least the "very good" standard as assessed by the Building Research Establishment

Environmental Assessment Method (BREEAM) and is on target to meet this standard with the works progressed to date. As part of the statutory approval process, the proposals will comply with Building Regulations Part L (conservation of fuel and power) 2013 and have complied as far as practicable with the Council's planning and Development Management policy DM11 seeking reduction in carbon emissions.

- 7.4.2 The proposals to refurbish and adapt this complex Listed Building incorporate enhanced energy efficiency measures contributing the Council's work to tackle the Climate Emergency. This includes site decontamination, better insulation, sustainable urban drainage systems and recycling.
- 7.4.3 In developing proposals opportunity has been taken to ensure that energy consumption is minimised through the specification of energy-efficient fittings, and through the installation of a Building Management System to actively and intelligently control light, heating, and ventilation. Refurbishing a 90-year-old historic Listed Building will inherently present challenges meeting full CO2 reduction compared to a new build project. However, the project has attracted a grant from the Carbon Offset Fund contributing to some of the cost of carbon reducing technologies, and assistance in the form of preferential borrowing rates from the Mayor of London's Energy Efficiency Programme providing financial assistance in meeting some of the remaining costs of reducing carbon emissions. In making this application it was demonstrated that the proposals achieve a reduction in CO2 emissions by 425 tonnes per year compared to 2013 Building Regulations standards
- 7.4.4 The works have little impact on biodiversity, there is limited scope to introduce vegetation, but opportunity has been taken to introduce some trailing plants at roof level to the rear elevation of the building. The new facility is located very close to a major public transport hub at Walthamstow Central and is not anticipated to generate additional car travel. Public transport and cycling are to be encouraged and opportunity taken to supplement existing cycle parking on and close to the site.

## 7.5 Council Infrastructure

- 7.5.1 The project is delivered from existing resources within the Council's Property and Asset Management Directorate, with support where necessary from external consultants.
- 7.5.2 The completed facility will be managed by the Council's operator partner, Soho Theatre Walthamstow, but the building, including the demises of commercial premises to be let for rental income, will be an asset added to the Council's property portfolio, maintained and managed by the Property and Asset Management Team.

Background Information (as defined by Local Government (Access to Information) Act 1985)

None