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|  <b>Executive – 6<sup>th</sup> April 2016</b>  |  | <b>Agenda Item No. 10</b> |
| <b>Title</b>  | Replacement of motors and lighting dimmers – Royal Spa Centre  |                           |
| <b>For further information about this report please contact</b>   | David Guilding<br><a href="mailto:David.guilding@warwickdc.gov.uk">David.guilding@warwickdc.gov.uk</a><br><br>Rose Winship<br><a href="mailto:Rose.winship@warwickdc.gov.uk">Rose.winship@warwickdc.gov.uk</a> |                           |
| <b>Wards of the District directly affected</b>  | All  |                           |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b> | No   |                           |
| <b>Date and meeting when issue was last considered and relevant minute number</b>   | N/A  |                           |
| <b>Background Papers</b>  | Capital Programme – Executive February 2016  |                           |

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|--|-----|
| <b>Contrary to the policy framework:</b>                                   | No  |
| <b>Contrary to the budgetary framework:</b>                                | No  |
| <b>Key Decision?</b>   | Yes |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | No  |
| <b>Equality Impact Assessment Undertaken</b>                               | N/A |
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|--|-------------|--------------------------------------|
| <b>Officer/Councillor Approval</b>   |             |                                      |
| <b>Officer Approval</b>  | <b>Date</b> | <b>Name</b>                          |
| Chief Executive/Deputy Chief Executive   | 23/03/16    | Andrew Jones                         |
| Head of Service  | 23/03/16    | Rose Winship                         |
| CMT  | 23/03/16    | Andrew Jones/Bill Hunt/Chris Elliott |
| Section 151 Officer  | 23/03/16    | Mike Snow                            |
| Monitoring Officer   | 23/03/16    | Andrew Jones                         |
| Finance  | 23/03/16    | Mike Snow                            |
| Portfolio Holder(s)  | 23/03/16    | Cllr Sue Gallagher                   |
| <b>Consultation &amp; Community Engagement</b>   |             |                                      |
| Insert details of any consultation undertaken or proposed to be undertaken with regard to this report. |             |                                      |
| <b>Final Decision?</b>   |             | Yes                                  |
| <b>Suggested next steps (if not final decision please set out below)</b>                               |             |                                      |

## 1. **Summary**

- 1.1 In order for the Royal Spa Centre to continue to function as theatre venue and offer a wide range of cultural and community events, two elements of the technical infrastructure of the venue require immediate replacement. Without this step the Royal Spa Centre is severely constrained as a theatre and would be rendered financially unviable within a short space of time.
- 1.2 An allocation of £350,000 for this expenditure is included in the Capital Programme agreed by members in February, but in accordance with the Code of Financial Practice, Executive approval is required to draw down this budget. As detailed in the report, subject to the outcome of a procurement process, the scheme may cost up to £503,000 and therefore it may be necessary to supplement this allocation with additional funds following the procurement exercise to obtain competitive quotations for this work.

## 2. **Recommendations**

- 2.1 Executive agrees the release of up to £350,000 from the Capital Programme currently identified for the purchase and installation of technical infrastructure at the Royal Spa Centre.
- 2.2 Executive agrees a further allocation of up to £160,000 from the Capital Investment Reserve to fund the work identified in recommendation 2.1.
- 2.3 Executive agrees that the Deputy Chief Executive (AJ), in conjunction with the Head of Cultural Services and Head of Finance and in consultation with the Portfolio Holders for Culture and Finance, are given delegated authority to approve the final costs of the scheme.

## 3. **Reasons for the Recommendations**

- 3.1 Following a series of projects to repair or replace essential elements of the Royal Spa Centre (RSC) identified by the newly appointed Technical Services Manager in 2013, work on developing a comprehensive investment plan for this venue commenced in May 2015. The aim was to create a 'catch-all' 20-year investment plan for the RSC, which would be informed by a review of the existing Planned Preventative Maintenance (PPM) schedule and known Mechanical & Electrical (M&E) liabilities, a rationalisation of the Corporate Asset Condition Survey (EC Harris) data and input from industry specialists. The work detailed in this report completes the third element of the work required to complete the Investment Plan, and will allow us to establish a medium/long term investment plan of repair, renewal and upgrading of equipment in the venue. The emerging Asset Strategy, which considers the Council's corporate approach to how it manages its assets, proposes that this Investment Plan model is adopted for all of the Council assets, in order to avoid, or at least reduce, the risk of unexpected expenditure being identified without the appropriate resources allocated in the Medium Term Financial Strategy.
- 3.2 The equipment which requires immediate replacement at the RSC is as follows:
- 3.3. Motors for the "Flying Equipment"
  - 3.3.1 A 'flying' system is an arrangement of cables, scaffold bars, pulleys and motors which enables the theatre's stage crew to safely hoist (or 'fly') components such as curtains, lighting and scenery. This enables scenery to be moved

quickly and accurately during performances and for the theatrical lighting to be rigged from the stage floor level rather than at height, which is both safer and more efficient.

- 3.3.2 The ability to be a 'flying house' is central to the operation of the RSC as a theatre and provides a significant competitive advantage over other venues in the region. It allows the theatre to accommodate large scale, complex productions with sizeable pieces of scenery – such as the annual pantomime, touring theatre shows and amateur musicals. Other than Warwick Arts Centre and the Royal Shakespeare Company there are no other 'flying houses' within Warwickshire and many of the larger local community groups that use the RSC would not be able to replicate their performances elsewhere (for example, those performed by the Warwickshire Gang Show, Leamington & Warwick Musical Society and Leamington Spa Opera Group).
- 3.3.3 For the purposes of depreciation and renewal the recommended life expectancy of equipment of this type is 20 - 25 years. The RSC flying system has a total of 29 winch motors which are already much older than this (some of which are believed to be the original installations from 1974 when the venue was built) and 20 of which are deemed to be well beyond their economic lifespan. The remaining 9 motors are of the same age but are used much less frequently and as a result are in a better overall condition. Therefore, they could be maintained and used if necessary over the short-term. However, the recent survey of equipment by external contractors suggests that it would be necessary to replace those motors within a maximum term of 5 years, as they too would also begin to fail due to age. Therefore the proposals costed in this report include replacement of the total 29 motors.
- 3.3.4 During the annual inspection and service of the flying system by the appointed maintenance contractor in August 2014, it was found that the gearing inside the motors was wearing down. The gears themselves cannot be replaced or repaired as the motors are encased, single units. As a result of this inspection, the load which the motors can safely bear was down-rated to the lowest threshold (from 500kg to 300kg on each 'bar'). If the system were to be down-rated further it would effectively condemn it, as it would be unable to service the day-to-day operational loads required. There is no way to accurately estimate when the gearing will fail completely, only that it is inevitable and increasingly likely.
- 3.3.5 As with most technology, theatrical flying systems have evolved so quickly over the past 30 years that the parts are no longer available to make running repairs on the current RSC system and so it is not possible to rectify the faults above. It is also not feasible to replace each individual motor as and when they fail because the new motors would require a completely new, separate control system in order to operate them.

### 3.4 Lighting Dimmers

- 3.4.1 Dimmers are electrical devices, similar to variable resistors, which control high voltages to change the brightness of theatrical lighting on the stage and in the auditorium. Without them it is not possible to control the lighting states for performances - which is essential to the core operation of the venue as a theatre. Multiple individual dimmer 'channels' are arranged together in large panels or 'racks' which are installed into the wall. The average life expectancy of equipment of this type is 15 - 20 years and they can often represent the highest capital expenditure for a theatre.

- 3.4.2 There are a total of 204 dimmer channels split across 7 racks which, when fully operational, is adequate to service the operational needs of the venue the size of the RSC.
- 3.4.3 The Council's electrical contractor decommissioned one of the "racks" in 2015, meaning that the theatre lost 36 lighting channels. This loss of lighting capability would have made it challenging for the RSC to service the needs of performances and restricted the range of events it could present. As a temporary, emergency measure a mobile 36 channel dimmer rack was hired to replace those lost channels until they could be permanently replaced, at a cost of £8,500+VAT per year.
- 3.5 Electrical wiring and distribution boards
- 3.5.1 The dimmers are fed by an electrical distribution board located next to the dimmer racks. This is also past its economic lifespan and in need of replacing. Several issues were identified during a recent electrical inspection which would potentially invalidate the warranty of any new, replacement equipment connected to it.
- 3.5.2 The current electrical wiring (including trunking and containment) from the dimmers to the individual lighting sockets located around the stage area is also in urgent need of upgrading in order to ensure compliance with current regulations (increasing the width of all cables from 1.5mm to 2.5mm). As it is classified as an 'electrical installation' the wiring is currently compliant and safe for use; however, the regulations state that it would have to be replaced if the dimmer installation were changed.
- 3.6 Due to the specialist nature of the works, an external consultant, The Engineering Practice, has been commissioned to source the necessary data and create the Investment Plan together with any specification of equipment required to inform the tendering process. The estimates that have been received for the works, as detailed in Section 5, are based on their specification after work with the Spa Centre technical team and Housing & Property Services officers.
- 3.7 The final level of the potential additional budget allocation referred to in recommendation 2.2 will not be established until the tender exercise is completed, hence the recommendation to utilise delegated authority to approve the final costs and ensure the contract is let. Should tenders come in below the maximum proposed budget allocation of £510,000 , any surplus budget will be returned to the Capital Investment Reserve.

#### 4. **Policy Framework**

- 4.1 **Fit for the Future** – The FFF Programme is designed to help deliver the Sustainable Community Strategy (SCS) for Warwick District.
- 4.2 The FFF Programme has 3 strands and the impact of this report's proposals in relation to each of them is as set out below:

Maintain or Improve Services – the proposals will allow the existing facilities and services to continue to be operated in a safe and effective manner.

Engaged and Empowered Staff – the proposals have involved cross service working between the Technical team at the Royal Spa Centre and the Surveyors team in Housing and Property Services. This joint work has developed skills amongst the team which will assist in the future management of this venue.

Achieve and maintain a sustainable balanced budget – the proposals ensure that the venue is able to continue to offer a wide range of cultural activities in a programme that is developing and based on trends, has the potential to increase income for the Council.

## 5. **Budgetary Framework**

5.1 The Capital Programme includes an allocation of £350,000 for Royal Spa Centre technical equipment. It is possible that the outcome of the procurement process could require up to a further £160,000 to be allocated from this Reserve. The specification is being finalised by The Engineering Practice alongside officers from Housing and Property Services and Cultural Services with the intention of developing a scheme that is appropriate and achievable within the revised budget.

5.2 Based on estimates received for this work to date it is anticipated that the costs can be detailed as follows:

5.2.1 Optimistic:

|                     |          |
|---------------------|----------|
| Hoist Motors:       | £223,000 |
| Lighting Dimmers:   | £45,000  |
| Distribution Board: | £70,000  |
| SUB-TOTAL           | £338,000 |

|                       |         |
|-----------------------|---------|
| Contingency/ O&P @ 7% | £23,000 |
|-----------------------|---------|

|                 |          |
|-----------------|----------|
| ESTIMATED TOTAL | £361,000 |
|-----------------|----------|

5.2.2 Most Likely:

|                     |          |
|---------------------|----------|
| Hoist Motors:       | £223,000 |
| Lighting Dimmers:   | £85,000  |
| Distribution Board: | £80,000  |
| SUB-TOTAL           | £388,000 |

|                        |         |
|------------------------|---------|
| Contingency/ O&P @ 10% | £39,000 |
|------------------------|---------|

|                 |          |
|-----------------|----------|
| ESTIMATED TOTAL | £427,000 |
|-----------------|----------|

5.2.3 Pessimistic:

|                     |          |
|---------------------|----------|
| Hoist Motors:       | £233,000 |
| Lighting Dimmers:   | £115,000 |
| Distribution Board: | £90,000  |
| SUB-TOTAL           | £438,000 |

|                        |         |
|------------------------|---------|
| Contingency/ O&P @ 15% | £66,000 |
|------------------------|---------|

|                 |          |
|-----------------|----------|
| ESTIMATED TOTAL | £503,000 |
|-----------------|----------|

All estimates exclusive of VAT

- 5.3 As can be appreciated from the data above, the budget estimates for the Hoist Motors were more consistent, and therefore can be expressed with greater certainty, than those for the lighting dimmers (where different suppliers gave a wide range of costs for equivalent items of equipment).
- 5.4 Due to the decommissioning of a section of the lighting rack system in 2015, the venue is currently renting a temporary rack at a cost of £8,500 + VAT per year plus installation costs. If the replacement dimmers were not to be funded, this rental would need to continue, as without this temporary rental the effectiveness of the venue to operate would be severely curtailed.
- 5.5 As reported within the February Budget report, the Capital Investment Reserve currently has an unallocated balance of £1.355m. If it is agreed that the Budget for this project needs to be increased by up to £160,000, the balance on this reserve will diminish to £1.195m. The Council's policy is for the minimum balance of this reserve to exceed £1m to cover any unplanned emergencies. Increasing this Capital budget, and so reducing the balance on this reserve will severely limit the Council to fund any forthcoming requests for capital funding.

## **6. Risks**

- 6.1 The failure of lighting just prior to the Panto in December 2015 focussed minds on the potential for the venue having to cancel shows at very late notice. The venue is currently carrying a risk that the motors and /or the dimmers could suffer a significant failure at any point which could render the venue unable to operate. This would lead to shows and contracts being cancelled and would expose the Council to significant financial and reputational risk.
- 6.2 Any further delay on replacement of the equipment will only increase the risk of cancellation of shows. There is an opportunity for the works to be carried out with minimal disruption in the 2016 summer closedown. However, in order to achieve these dates, the procurement process needs to commence as a matter of urgency.
- 6.3 Appropriate controls have been put in place to ensure that there is no health and safety risk to staff, performers or audience members in the current situation.

## **7. Alternative Option(s) considered**

- 7.1 The Council could just replace only the motors and continue to rent that additional lighting rack until the lighting fails further. This option is considered to carry a significant risk as it is impossible to say when any further lights will fail and require replacement. There are also some economies to be made by commissioning all the work at the same time, both in terms of the cost of the works and the reduced cost of venue closure.
- 7.2 Members could decide not to do any of the works. This would result in the range of performances provided at the venue being reduced, the cultural value of the offering that would be delivered would be compromised, and the subsidy required by the RSC would increase significantly. This would be counter to previous confirmation by the Council that it does not wish this to be the case and is fully committed to continuing the provision of the range of cultural activities that take place at the RSC.