



Leicester
City Council

WARDS AFFECTED: CASTLE / CITYWIDE

CABINET
STRATEGIC PLANNING & REGENERATION
SCRUTINY COMMITTEE
RESOURCES & EQUAL OPPORTUNITIES SCRUTINY
COMMITTEE

13 MARCH 2006
5 APRIL 2006
6 APRIL 2006

**PERFORMING ARTS CENTRE
PROJECT PROGRESS & KEY DECISIONS**

Report of the Corporate Director, Regeneration & Culture

1 Purpose of Report

- 1.1 Cabinet at its meeting of the 6 June 2005, authorised the Corporate Director of Regeneration and Culture to proceed to the issue of Commencement Authority and instruct the contractor to start site work on the Performing Arts Centre (PAC). That work is now progressing well to schedule.
- 1.2 However, while the work is progressing well, tenders for the uncapped packages have come in over the expected budget allocated, and these, along with some other cost rises have the potential to increase the final cost of the PAC beyond the previously agreed level. A separate report advises Cabinet of the latest position and the reasons for the cost increase, as well as the steps taken by the Project Board and project managers to minimise the increase. That paper also advises Cabinet about some additional grant that may be available to enable the Council to provide a better standard of theatre equipment than was previously planned.

2. Summary

- 2.1 The PAC is a large innovative flagship project with an intricate and innovative design, a complex funding package and a schedule of outputs tied to the external funding partners. It is not unusual for projects of this nature and type to experience a series of modifications throughout their development and build.

- 2.2 The PAC is intended to regenerate the St. George's (south) area of the City and more generally to contribute to the renaissance of Leicester, by providing a replacement for the Haymarket Theatre building and making a space where a new kind of theatre can be developed for Leicester and its people.
- 2.3 Following Cabinet approval to the Commencement Authority, construction activity commenced on site on 13 June 2005. Construction of the PAC is progressing well and close to the forecast construction timetable. At the time of writing this report 35 construction weeks have been completed with 80 contracted weeks remaining to complete building the project.
- 2.4 The project management arrangements have now been updated to fully comply with Prince 2. This assists in the management of the risk to the Council and gives clear lines of accountability. However, the project managers and the Project Director have now reported predicted additional costs, over and above the approved project budget of £48.03 million, to the Project Board. The Project Director has also reported an associated risk with the fund-raising target, which is the only remaining significant part of the funding package that is not secure. Overall the additional costs are due mainly to areas of risk within the project budget, for example those outside the scope of the guaranteed price. This risk was identified in earlier reports to Cabinet and Council on the PAC project.
- 2.5 The final total project cost of the PAC based on these predictions is currently forecast to be £52.13 million. To complete the building works an additional contribution of £2.6 million (over and above the existing £26 million commitment from the Council before external financial contributions) may be required.
- 2.6 A proposed funding package for the £2.6 million is included in the capital programme report included on your agenda.

3. Recommendations

- 3.1 Cabinet is asked to:
- a) Approve continuation of the Project based on the present assessment of costs and risks (subject to approval of the additional £2.6 million capital provision to be considered under the capital programme report).

4 Financial & Legal Implications *Financial Implications*

- 4.1 The financial implications are set out in the report and supporting information on the private agenda

Legal Implications

- 4.2 There are no new legal implications arising from this report as it is in the nature of the provision of information to Members. There are extended legal implications in the report and supporting information on the private agenda.

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