

To: City Executive Board and Communities and Partnerships Scrutiny Committee

Date: 6th October 2010 and 26th October 2010

Item No: 10

Report of: Head of Community Housing and Community Development

Title of Report: Old Fire Station Update Report

Summary and Recommendations

Purpose of report: To provide a progress report on the Old Fire Station project.

Key decision: No

Executive lead member: Councillor Bob Price

Report approved by:

Director: Mel Barrett

Finance: Gillian Chandler

Legal: Lindsay Cane

Policy Framework:

Corporate Plan Priorities: -

- More housing, better housing for all
- Stronger and more inclusive Communities
- Improve the local environment, economy and quality of life

Homelessness Strategy 2008-2011

Arts Strategic Plan

Regeneration Framework

Recommendation(s):

CEB is asked to:-

- 1) Note progress in relation to the project, in particular the entering into an Agreement for Lease and Management Agreement with Crisis and the entering into the building contract with ROK construction and the commencement of works on site

- 2) Endorse the council's capital contribution remaining unchanged at £484,319, notwithstanding that the overall funding package has increased by £100,000 to £3,566,712 as a result of Crisis increasing their capital funding to

the project from £100,000 to £200,000 as detailed in the revised Capital budget report submitted by the head of finance to CEB on 6th October 2010

3) Approve two one-off grants totalling £65,000 as a contribution to the Year 0 costs of establishing the OFS Arts company, comprising. £20,000 from the Arts grants budget and £45,000 from the HCA grant.

Background

1. The aim of the project is to refurbish the Old Fire Station to a high standard, to provide a new Crisis Skylight centre alongside flexible facilities for arts and cultural uses to be run by an Arts Company with charitable status. These will be vibrant, quality spaces that bring people together and provide opportunities which foster community integration, alongside the development of participation in, and appreciation of various arts and cultural activities.

Summary Position

2. The redevelopment of the Old Fire Station started on site on 9th August 2010 and is currently on programme to open in late June 2011.
3. Following a two stage tender process the build contract was awarded to ROK and attached in Appendix 1 are a set of the final designs which are compliant with the project brief which includes a significantly more accessible building and indication from the BREEAM (Building Research Establishment Environmental Assessment Method) assessor that the project remains on target to achieve BREEAM very good.
4. The Council has entered into an agreement for lease and management agreement with Crisis UK for the entire building.
5. Under the conditions of the lease, Crisis is obliged to sub-let certain areas of the premises to an Arts Company with charitable status which will be responsible for the management and programming of the building's many arts facilities including a flexible auditorium, dance studio, gallery and creative studios.

Agreement for Lease and Management Agreement

6. A summary of the Agreement for Lease and the full Management Agreement are attached as Appendices 2 & 2A.
7. The Lease and Management Agreement with Crisis will be for the entire building for a period of 25 years with formal break clauses at 15 and 20 years.
8. Under the provisions of the lease, Crisis will be required to pay a specified rent to the Council on an annual basis. The Council will make an annual grant available to Crisis in the sum of the said annual grant. In other words during the period in which the Council makes such grant funding available to Crisis, the grant funding and rent payment will be

deemed to be entirely set off by each other. This arrangement applies to the entire building.

9. Crisis will provide to the Council information, as requested in Schedule 1 of the Management Agreement, relating to the activity and performance of the Skylight centre on a periodic basis to be agreed upon.

Governance arrangements

10. Under the conditions of the Management Agreement an OFS Advisory Group will be established which shall be composed of an equal number of representatives from each of the Council, Crisis and the Arts Company and will be chaired by a Advisory group member nominated by the Council.
11. The principle function of the Advisory Group will be to provide advice and guidance in regard to ensuring that the OFS Vision and Aims are properly pursued and achieved and that the relationship between Crisis and the Arts Company within OFS is properly managed with the objective and intention of deriving maximum benefit to both services from their co-location at the OFS. In addition, the Advisory Group will provide a mechanism through which any perceived problems in the operation of the OFS can be addressed.

Overview of Capital Position

12. Following confirmation of the HCA's funding and the return of the main contractor's final price, the construction contract was accepted and signed by ROK and the City Council in early August 2010.
13. The revised OFS build cost now stands at £3,521,763 an increase of £55,051 or 1.6% on the currently agreed budget of £3,466,712 which was broken down as follows:-

HCA	£2,882,393
Crisis	£100,000
Oxford City Council capital contribution	£484,319
Total	£3,466,712

14. However, the overall funding available for the project changed as Crisis has agreed to increase their contribution to £200k and the revised funding package now totals £3,566,712 as shown in the table below.

Total project cost	£3,566,712
Funding from HCA	£2,882,393
Funding from Crisis	£200,000
OCC capital funding	£484,319

15. It is therefore recommended that CEB approves this amendment to the capital budget, from £3,262,022 to £3,566,712, to be reflected in the capital programme and the increased capital contribution from crisis from 100k to 200k. This amendment has been included in the report to CEB by the Head of finance on the capital programmed dated 6th October
16. It is further recommended that CEB approves two one off grants to the Arts company. £20k from the Arts grants budget and £45k from the HCA grant to fund the start up of this company.
17. It should also be noted that following extensive value engineering, investigative works during the pre-construction period and receipt of the contractor's stage 2 tender, it was considered appropriate to revise the works contingency budget from 15% to 12.5%.

Other Funding Applications

18. To note that an Arts Council Stage 2 Application was submitted for £190k but rejected. The Council has been asked to resubmit the bid in January 2011.

Programme Plan

19. A high level programme plan is attached in Appendix 3. This shows the achievement of the start on site, incorporating a 2 week delay to the appointment of the main contractor as the project awaited confirmation of HCA funding. This delay has been accommodated within the agreed works programme to enable the overall programme to be maintained.

Establishment of Arts Company and Business Planning

20. Following CEB's recommendation in March 2010 to pursue the establishment of an Arts Company with charitable status to manage and programme the arts facilities in the OFS, a recruitment drive for trustees was launched in June 2010 and 4 suitable candidates were notified and invited to become trustees of the Arts Company. Confirmation letters were sent to each of them along with a copy of the draft business plan. They have all confirmed their appointment and attended an induction day in early September.
21. The Memorandum and Articles for the Arts Company have been submitted for registration and the intention is to apply for charitable status in October.

6 th September 2010	Registration of Arts Company
September 2010	Revision of business plan and programming
October 2010	Application for Charitable status
October 2010	Recruitment process to begin for the Arts Development Manager
January 2010	Arts Development Manager to start

February 2011	Recruitment process of remaining staff team to start
March – April 2011	Arts company staff team to be in place

22. The Arts Company has been set up as a limited liability company and will be registered as a charity in due course. It is separate to the City Council and is responsible for its own finance, accounting, banking, business planning, fundraising, programming and recruitment of staff. Officers from the Council will initially provide support and guidance to the trustees but do not act as advisors to the company.

Establishment of Crisis Skylight and Business Planning

23. Planning is underway for the set up of the new Crisis Skylight Oxford. An internal Crisis project team has been established to feed directly into the planning which covers a wide range of areas including recruitment, finance, fundraising, communications, facilities, IT, frontline services, café, programming, outreach etc.

24. Crisis is responsible for the appropriate revenue streams for running Crisis Skylight Oxford.

25. The appointment of the Head of Skylight Oxford is due in early October with a view for the post holder to start in November/ December 2010. Recruitment for the remaining staff team will start in late January – early February 2011.

26. Crisis has commissioned a fundraising consultancy called Compton Fundraising to run a major gifts revenue appeal in the lead up to Christmas, which was launched in September. The fundraising target will be £650k and will cover a third of the running costs of the Crisis Skylight Oxford Centre for the first 3 years.

Crisis Skylight Café

27. Crisis is currently undergoing a full review of its cafe business model, with support from the company 'Benugo' who run a number of successful cafes in London. This process is directly feeding into the Oxford cafe model and business planning is underway

Consultation and Communication

28. Consultation continues throughout the build with Councillors, the homelessness network, the arts sector, education providers, local businesses, residents and the general public and the project now has over 300 stakeholder contacts across the city.

29. An artist was commissioned in June by the project team to work with a small group of local homeless people to create the hoardings for the

Old Fire Station. Emma Reynard, the artist, and clients from The Gatehouse art group produced some work and the hoardings are now up around the building.

Risk

30. The project's risk log for this report is attached in Appendix 5.

Climate change / environmental impact

31. There are no further climate change / environmental impact implications in this report.

Equalities impact

32. There are no further equalities impact implications to this report.

Financial implications

33. Following final contract value engineering an increase to the build cost of £51,051 has been identified. However, funding from CRISIS has been increased from £100,000 to £200,000. Funding for the project is now as follows :

Total project cost	£3,566,712
Funding from HCA	£2,882,393
Funding from Crisis	£200,000
OCC capital funding	£484,319

The full project cost will be included in the 2011 budget less a retention of £50k which will be included in 2012 budget.

The total project cost includes £45k of funding for the arts company. This will be paid as a one off grant to the arts company and will be transferred to the revenue budget

The Arts company will be funded by grants as follows		
Arts Grant (revenue)	20,000	Included in existing revenue budget
HCA Grant	45,000	Included in total project cost
Total start up funds	65,000	

Legal Implications.

34. The commencement and operation of this project has clearly required the creation and recording of a number of legal relationships between the parties. These relationships are as set out within this report, and appropriate contracts have been drawn up.

Recommendations

- 1) Note progress in relation to the project, in particular the entering into an Agreement for Lease and Management Agreement with Crisis and the entering into the building contract with ROK construction and the commencement of works on site
- 2) Endorse the council's capital contribution remaining unchanged at £484,319, notwithstanding that the overall funding package has increased by £100,000 to £3,566,712 as a result of Crisis increasing their capital funding to the project from £100,000 to £200,000 as detailed in the revised Capital budget report submitted by the head of finance to CEB on 6th October 2010
- 3) Approve two one-off grants totalling £65,000 as a contribution to the Year 0 costs of establishing the OFS Arts company, comprising. £20,000 from the Arts grants budget and £45,000 from the HCA grant.

Name and contact details of author:

Nerys Parry,
Rough Sleeping and Single Homelessness Manager
Email : nparry@oxford.gov.uk
Phone: 01865 252825

List of background papers:

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