

Summary of feasibility studies 2016 – 2017 for a new Music and Performance Venue

Initial feasibility work

In December 2015, the Council commissioned Cushman and Wakefield, its strategic property advisor, along with their sub-consultants IPW (venue specialist), HOK (architects) and Core 5 (cost consultants) to explore the potential for a new Performance Venue in Derby. The study was undertaken in two parts. The scope of Part 1 of the study was to assess the feasibility of a new Performance Venue (based on various different funding assumptions) and to provide a commercial view on the appropriateness of the Assembly Rooms and Becketwell sites as locations for the venue.

A set of criteria for a new Performance Venue in the city centre have been established based around the following:

1. be capable of fitting on the existing Assembly Rooms site;
2. have maximum cultural impact on the city;
3. maximise the regeneration and economic impact on the city (including the night time economy); and
4. ensure there is no requirement for an ongoing revenue subsidy from the City Council and be affordable without recourse to Council unsupported borrowing.

The key findings from **Part 1** were that a Performance Venue is deliverable in Derby and that the Assembly Rooms site offered the better opportunity (in comparison to the Becketwell site) for a new Performance Venue.

Following market research, stakeholder engagement, and utilising specialist knowledge and experience, three options were tested, during Part 1 of the consultant team's feasibility study, that were based on different funding assumptions. The three options are:

1. **Option A** – Music and Performance Venue: Circa 3,000 capacity efficient and flexible venue with a commercially driven programme focussing on live music and comedy events and a separate 400 capacity space. No theatre facilities.
2. **Option B** – Hybrid Venue: Flexible venue with either a circa 2,600 music/entertainment venue or a 1,600 lyric style theatre supported by a separate 400 capacity space.
3. **Option C** – Performing Arts Venue: Enhanced Option B with an additional 800 capacity theatre. This option was ultimately disregarded as the competition with the current Derby Theatre would not be attractive in market terms.

Part 2 of the study explored Options A and B in more detail through preparing outline layouts, capital cost estimates and detailed business plans for each. Initial consultation was



undertaken with potential operators of the Performance Venue in order to establish their interest in the project. The key findings from Phase 2 were that:

1. Both options broadly meet the Council's criteria for delivery of a new Performance Venue. However, there are various strengths and weaknesses of each.
2. Option A is the more affordable of the two options (£32million), and would enable a programme to be delivered that maximises income generation and is commercially driven. This option is likely to generate a higher level of revenue in comparison to Option B. However, this option presents cultural compromises as the delivery of arts and theatrical content will be limited due to the nature of the design.
3. Option B represents a less affordable option (£59million) and is more likely to require a revenue subsidy (the sensitivity analysis identified a 10% negative shift in the programme would result in an overall annual deficit). However, this option optimises the potential arts and theatrical programme through a hybrid design that enables the venue to cater for a variety of arts, theatre, music, entertainment and conferencing events.

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Refurbishment of the Assembly Rooms building

As part of the feasibility work, the potential for refurbishing the Assembly Rooms and reopening the venue was explored. A detailed assessment was undertaken of the existing venue, its design and layout, access and egress, services, structural state, restrictions and opportunities. In addition, an analysis of the existing venue from an operational perspective, including consultation with Derby LIVE and analysis of historic performance data were undertaken. This work was used to explore potential options for refurbishment of the Assembly Rooms in order to bring it back into use as a Performance Venue.

The outcome from this work was that refurbishment of the Assembly Rooms could not compete with the new-build options. The options for refurbishment would not offer the flexible/scalable spaces that could be provided through a new build due to the restrictions of the existing building structure, which could in turn impact on the long term sustainability of the venue. The work also found that the options for refurbishment would require an ongoing subsidy once operational. In summary, refurbishment of the Assembly Rooms was found to be financially unsustainable and unlikely to be attractive to entertainment operators as a concert venue.

The Portal

A further option explored in addition to those for a new Performance Venue was for the development of an outdoor portal on the Assembly Rooms and The Market Place site prior to and in addition to the development of a new Performance Venue. The portal would incorporate a retractable canopy that would cover the entire Market Place, capable of hosting large performances for a capacity of up to 5,000 spectators. It would also come with built-in sound, lighting, electricity, stage and storage area for seating and other equipment.

In order to explore this option in full, further technical and financial due diligence was undertaken. This indicated that the portal could potentially make a small surplus once



operational, but the revenue generated would be unlikely to attract operator interest. The capital costs associated with pursuing the portal option in addition to developing a new Performance Venue in the long term were also not considered to be affordable based on the level of funding available for the project.

Page | 3 ***The Lyric Theatre Option***

Further to the above work by Cushman and Wakefield, an additional option was explored for a Lyric Theatre based on the conclusions of research previously commissioned by Derby LIVE that established a demand for this type of venue.

This option comprised a 1,500 all-seated Lyric Theatre (incorporating a fly tower) with a separate 400 capacity flexible space to accommodate smaller secondary events. The design of the building will enable delivery of a broad programme of cultural events which is likely to appeal to a wider demographic throughout the city and complement the existing offer that is currently provided in other venues.

In considering this option, work has been undertaken to prepare a financial business plan, indicative architectural layouts and a capital cost estimate. The broad cost that has been established for pursuing this option is around £48million. At this stage no significant additional capital funding sources are available to bid for to meet the capital costs.

Assembly Rooms Car Park

In exploring the potential options for a new venue, an opportunity has been established to replace the existing Assembly Rooms car park (214 spaces) with a new larger and more user friendly car park to provide increased capacity (and associated revenue). The delivery of a new car park would secure increased revenue once operational. A larger car park would also provide additional car parking provision for users of the new venue and to people visiting the city centre.

It is estimated that the cost of replacing the Assembly Rooms car park will be around £10million (based on a 450 space car park), which would be in addition to the cost of constructing a new venue. A key early task in undertaking further design work will be to establish the deliverability of a larger car park given the constraints of the site (i.e. the overall site footprint and the site location within the Derby City Centre Conservation Area).

Consideration of the options

In undertaking the feasibility work, the options have been considered against the overall criteria for a new Performance Venue in Derby. Discussions between lead Officers and Members concluded two main options. The first option was the Music and Performance Venue (option A above), which was identified as the preferred option from the consultant team's work. The second option was for the Lyric Theatre, which was developed following further consideration of the feasibility work undertaken by the Council's consultant team.

Both options would increase the number of cultural events that take place within Derby City Centre with the opening of a new venue on a key city centre site. Research has established a demand for a Lyric Theatre in Derby and this option would enable a more culturally diverse programme that would complement the existing offer in the city. Arguably, a Lyric Theatre

would also appeal to and attract a wider demographic to visit Derby given the diversity of the potential programme.

Derby Arena (opened in March 2015) has been designed to be a multi-purpose venue with the ability to host rock/pop, comedy, concerts, exhibitions and conferences ranging from 3,500 to 5,000 capacity. The closure of the Assembly Rooms has enabled the Derby Arena to secure the Pantomime and Graduation Events. The development of a new venue in the city centre (through both options) will influence the programme of events at the Arena. Therefore officers will continue to explore how the business model for the Arena and the new venue can be developed alongside each other.

Both options would make use of a currently redundant site following closure of the Assembly Rooms in March 2014. Both options would bring the key city centre site back into use and deliver the main focus of the Derby City Centre Masterplan 2030. Further work will be required on the design and layout in order to ensure that it will enhance and interconnect with the Market Place, the Guildhall Theatre and Market Hall, and the city centre as a whole. Consideration will also need to be given to the setting of the site given its location within the Derby City Centre Conservation Area.

The current level of funding available for the project is £8.6million of LGF3 funds. Further funding would be required to part finance the capital build costs for both options, with a higher level required for the Lyric Theatre option.

In summary, both options would lead to the regeneration of a key city centre site. The Lyric Theatre Option would enable the delivery of a culturally diverse programme of events within Derby but is the more expensive of the two options. Whilst the Music and Performance Venue option does not offer the potential to host as broad a programme of cultural events as the Lyric Theatre option, it is considered to be the only potentially affordable option in both capital and revenue terms.

