

Apply to the levelling up fund round 2

Submission details

Submission reference	LUF20222
Created time	Wed, 10 Aug 2022 08:50
Signed-in user	6a846f95-d5d5-4c66-b289-51d26b7e2d55

What is the legal name of the lead applicant organisation?

Malvern Hills District Council

Where is your bid being delivered?

England

Select your local authority

Malvern Hills

Enter the name of your bid

Malvern Theatres

Does your bid contain any projects previously submitted in round 1? Yes

Bid manager contact details

Full name	Simon Smith
Position	Head of Economic Development MHDC
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Senior Responsible Officer contact details

Full name	Ian Edwards
Position	Director of Economy and Environment MHDC
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Chief Finance Officer contact details

Full name	Andy Baldwin
Telephone number	[REDACTED]
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Local Authority Leader contact details

Full name	Tom Wells
Position	Head of Council
Telephone number	[REDACTED]
Email address	[REDACTED]

Enter the name of any consultancy companies involved in the preparation of the bid

Amion Consulting Ltd.
CBRE Ltd.
Firmingers LLP Quantity Surveyors
Glazzard Architects Ltd.
Shires Consulting Ltd Structural Engineers
Jenks Associates Ltd M&E Consultants
PGS Quantity Surveyors
Walshe Associates LLP Architects

Enter the total grant requested from the Levelling Up Fund

£19941040

Investment themes

Regeneration and town centre	0%
Cultural	100%
Transport	0%

Which bid allowance are you using?

Full constituency allowance

How many component projects are there in your bid?

1

Are you submitting a joint bid?

No

Are you submitting a large cultural bid?

Yes

Grant value declaration

I confirm that the bid does not exceed £50 million grant value

Tick to confirm

I confirm that at least 90% of the investment is in the cultural theme with the remaining percentage invested in activity that relates to the cultural project

Tick to confirm

Gateway criteria: costings, planning and defrayment

I confirm that some LUF grant funding will be defrayed in the 2022/23 financial year

Tick to confirm

Costings and Planning Workbook

Provide bid name

Malvern Theatres

Provide a short description of your bid

The bid will deliver world-class cultural facility, transforming the visitor economy by attracting 135,000 more attendees and boosting local economic impact by £11m annually. It will level up access to arts and culture, creating

life-changing opportunities for young people, especially those from disadvantaged backgrounds.

It will deliver two new workshop spaces and studio theatres for productions and provide space for community-focussed activities.

This will bring more opportunities for creative arts training, including apprentices and volunteers, supporting the creative industries ecosystem.

An external amphitheatre will enable performances appealing to a wider audience, whilst accessibility improvements will ensure equal access to facilities.

Provide a more detailed overview of your bid proposal

MT, a 2,000 seat arts complex, is a leading provider of the arts in the region, delivering 1,800 live performances, film screenings, workshops and classes annually. As a registered charity, MT strives to 'level up' access to culture and opportunity, but this cannot be done within the theatre's existing footprint which is at capacity.

The project will significantly widen access to culture for the local population, as well as the wider sub-region; 20,500 additional people will be able to participate in an accessible programme of drama, dance, fitness, musical and educational provision. As well as increasing overall reach and audience size, increasing annual theatre attendance from 300,000 to 435,000 annually, the project particularly targets those currently less able to access culture and its wellbeing and educational benefits.

MT will increase the number of local schools that access its facilities, whether for theatre performances or specific workshops, from 95 to 200.

The newly accessible facilities will enable increased participation by physically and mentally disabled people, equalising access to the Theatres' main commercial offer as well as its 'Take Part' programme of tailored events to meet audience-specific needs.

This nationally significant project will act as a key economic driver for the region, creating 45 new jobs and a further 120 indirect employment opportunities. It will transform visitor numbers to the area, increasing attendance figures from 300,000 to 435,000. Local economic benefits will increase from c.£23million to c.£32million annually, supporting the vitality and vibrancy of Great Malvern town centre and the wider visitor offer, which is key to the District's economic prosperity.

These economic benefits will specifically widen local access to the creative arts sector, creating opportunities for young people to access training and experience in performing arts, digital media, hospitality and technical supporting services; MT aims for 10% of the 45 new jobs to comprise apprenticeships. These additional training places will be accompanied by work experience placement opportunities for school-aged children, supporting social and cultural capital.

Phase 1 will deliver a learning space (280sqm), new foyer and public realm, and Changing Places toilet.

Phase 2 will deliver a 2,935sqm extension comprising a new studio theatre; two flexible workshop spaces, providing discrete spaces for regular dance classes, workshops and teaching spaces for commercially-driven and community-focussed activities; photography/film editing and sound studio to provide in-house digital production facilities, creating a regional centre for arts innovation including digital, sound and virtual forms; facilities to accommodate requirements of nationally/internationally-significant companies, facilitating the hosting of more prominent and frequent events; e) breakout areas and catering to facilitate expanded hospitality/evening economy offer.

The Theatre is committed to training the next generation of theatre

professionals. Malvern Theatres Young Company provides a valuable route into the creative industries and 74% of previous participants now either study or work professionally in the arts. Enhanced facilities will enable the Theatre to expand this work, creating accessible pathways into the arts for all young people, irrespective of social background.

Provide a short description of the area where the investment will take place

This bid will invest in the existing Malvern Theatres complex, which is situated in Great Malvern town centre in Malvern Hills District. The complex is situated adjacent to Priory Park, a destination park comprising open green space, an adventure playground and walking paths.

The complex is well-served by public transport, situated circa. 500m from Great Malvern train station and within 100m of local bus stops on Church Street.

Great Malvern benefits from good sub-regional and national transport links, including Worcester (20 mins), Birmingham (1 hour), Cheltenham (40 mins) and London (2 hours).

Great Malvern is the retail, leisure and services hub of Malvern Hills District. Given its limited retail offer compared to larger centres including Worcester and Cheltenham, it relies heavily on footfall driven by leisure drivers, i.e. visitors to the Theatres or adjacent Malvern Hills AONB.

- Malvern Theatres, Grange Road, Great Malvern, WR14 3HB.

- The bid is situated within Malvern Hills District, West Worcestershire UK Parliament constituency.

Optional Map Upload

Does your bid include any transport projects?

No

Provide location information

Location 1

Enter location postcode WR14 3HB

Enter location grid reference Grid reference SO 61414 24200. 377718 X (Easting) and 245866 (Northing)

Percentage of bid invested at the location 100%

Optional GIS file upload for the location

Select the constituencies covered in the bid

Constituency 1

Constituency name	West Worcestershire
Estimate the percentage of the bid invested in this constituency	100%

Select the local authorities covered in the bid

Local Authority 1

Local authority name	Malvern Hills
Estimate the percentage of the bid invested in this local authority	100%

Sub-categories that are relevant to your investment

Select one or more cultural sub-categories that are relevant to your investment	Arts and Culture Creative Industries Visitor Economy
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Provide details of any applications made to other funding schemes for this same bid that are currently pending an outcome

Arts Council Funding of £120k has been confirmed - the first instalment (£60k) has been received with the second (£48k) due on interim report (summer 22) with the final payment of £12k due March 2023. The timeline was extended due to delays resulting from Covid.

The following additional funding has been received and is being held in a restricted fund

MT FUND for the project:
The Kay Trust: £100,000
Backstage Trust: £50,000
Rowlands Trust: £20,000
Saintbury Trust: £5,000
Edward Cadbury Trust: £5,000
Hawthorne Charitable Trust: £5,000
Sylvia Waddilove Foundation: £4,000
Malvern Theatres Association: £2,000
Legacy: £184,971

Malvern Theatres Heritage Fund results from contributions from Malvern Theatres' supporters to fund projects, from a contribution included within the price of tickets sold. This fund has been allocated to this capital project. These funds are kept in a restricted fund and are held in Malvern Theatres bank account.

Malvern Theatres Heritage Fund: £509,000

Provide VAT number if applicable to your organisation

276126748

Bidders are invited to outline how their bid will promote good community relations, help reduce disparities amongst different groups, or strengthen integration across the local community

The Shared Prosperity Fund programme will work seamlessly with the successful redevelopment of the Malvern Theatres to level up access to arts and culture, creating life-changing opportunities for our young people.

The LUF capital intervention will be supported by revenue programme funded by SPF to work with our most disadvantaged communities in keeping with the aims and ambitions of our Connected Communities Strategy.

Given that the redeveloped Theatres will not be fully open until 2025, we will work with existing and new community groups between now and then to ensure that they have the capacity to fully benefit from the opportunities presented. This will be achieved through a combination of outreach and Theatres based activity facilitated by the District Council, Theatres and other partners in accordance with our Asset Based Community Development principles.

More generally, our approach to the Public Sector Equality Duty requires an integrated approach to carrying out impact assessments cover privacy impacts, contribution to our strategic priorities, and equality and diversity impacts. This approach has been adopted to support this application.

Is the support provided by a ‘public authority’ and does the support constitute a financial (or in kind) contribution such as a grant, loan or guarantee?

No

Does the support measure confer an economic advantage on one or more economic actors?

No

Provide further information supporting your answer N/A

Is the support measure specific insofar as it benefits, as a matter of law or fact, certain economic actors over others in relation to the production of certain goods or services?

No

Provide further information supporting your answer

MHDC has assessed the bid in line with the BEIS guidance “BEIS technical guidance for public authorities on complying with the UK’s international obligations on subsidy” and does not consider that any grant funding would amount to a ‘subsidy’ under the UK-EU Trade and Co-operation Agreement (TCA).

Malvern Theatres is a freehold asset belonging to MHDC and thus any funding would be used for MHDC’s benefit as opposed to making a specific contribution to an enterprise.

Does the support measure have the potential to cause a distortion in or harm to competition, trade or investment?

No

Provide further information supporting your answer

Malvern Theatres is a freehold asset belong to MHDC, which is not an economic actor and therefore the support measure does not have potential to distort or harm competition, trade or investment.

Will you be disbursing the funds as a potential subsidy to third parties?

No

Has an MP given formal priority support for this bid?

Full name of MP

Harriett Baldwin MP

MP's constituency

West Worcestershire

Upload pro forma 6

Proforma 6 - Formal MP Support.pdf

Describe what engagement you have undertaken with local relevant stakeholders. How has this informed your bid and what support do you have from them?

The project is widely identified as a priority to support the post-pandemic recovery of Great Malvern town centre, develop the leisure and visitor offer to support economic growth and deliver social value in terms of improved local accessibility to culture for underrepresented audience segments and increased skills development opportunities.

The Theatres' expansion to enable an enhanced community arts/outreach offer and facilitate growth in its mainstream activities to increase visitor numbers and support a more diverse cultural programme was identified in the Great Malvern Town Plan April 2022 as a key medium-term project. The Town Centre Plan was facilitated by MHDC with input from Malvern Town Council, District and County Members, local businesses, voluntary sector and other organisations.

The key project shortlisting was informed by an online survey (1,311 responses).

Letters of support are provided, which includes representations from a number of public, private and third sector organisations. This includes local businesses and hotels, who currently benefit from theatre audiences spending £2.3million locally.

The design of the proposed expansion has been informed by a combination of public engagement through the Town Plan process and Malvern Theatres' engagement with existing and proposed user groups:

- Phase 1 – delivering Changing Places toilet and step-free access into the Theatres, in response to identified needs for ease of access for young children and those with accessibility issues. Also providing two studio spaces to serve the needs of existing performer groups, with flexibility to cater for workshop or training space.

- Breakout areas and catering spaces – to respond to stakeholder demand for Theatre as hub for informal socialising, adding to its existing café/bar offer and ability to accommodate prominent events.
- 2No. studio spaces – providing private, adaptable spaces to cater for the wide range of community user groups.
- Forum Theatre expansion – responding to visitor demand for accommodating shows which can otherwise only be catered for in metropolitan areas.

Harriett Baldwin MP has strongly endorsed the application noting that it will support the hospitality and tourism sector, larger productions and events, increased community participation, enhance teaching particularly on performing arts and provide local jobs.

At the strategic level, stakeholders have also been consulted and given support to the principle of investment in Malvern Theatres in the adoption of public policy documents.

In relation to Phase 1, Malvern Theatres held open days and invited consultation feedback on the planning application proposals in 2018/19 (planning permission ref: 18/01512/FUL). Feedback included strong support for:

- Investment in accessible arts provision which will enable greater young person participation, in light of schools' financial pressures to provide adequate creative arts education as part of the standard curriculum;
- Delivery of workshop spaces suited to special needs.

In relation to Phase 2, Malvern Theatres is engaged in constructive pre-application discussions with the local planning authority to progress a full planning application.

Has your proposal faced any opposition?

The only aspect of the proposals which has previously not been supported by all stakeholders is in relation to built heritage considerations. Prior to granting full planning permission in 2018, the detailed design of the Phase 1 proposals were initially not supported in terms of impact on built heritage, owing to the sensitivity of designing within the context of the original Victorian components of the complex and the Great Malvern Conservation Area.

However, these objections were resolved and the proposals subsequently supported by consultation responses from the MHDC Conservation Officer and Historic England, with the exception of the Victorian Society. These issues were overcome through re-design of discrete elements of the proposals and it was considered that the proposals would preserve the character and appearance of the Conservation Area and the demolition of part of the Victorian building fabric could be mitigated through building recording. The significant public benefits of the scheme, in terms of social, economic and specifically benefits to the visitor economy outweighed any residual heritage harm and full planning permission was granted.

In preparing the full planning application for the second phase of the proposals, Malvern Theatres is engaged in construction pre-application discussions with the local planning authority.

Otherwise, as detailed in other sections of the bid, the proposals are supported by the majority of stakeholders, particularly those within Great Malvern and the sub-region which will be most affected by the proposals.

Do you have statutory responsibility for the delivery of all aspects of the bid?

N/A

Provide evidence of the local challenges / barriers to growth and context that the bid is seeking to respond to

Malvern requires intervention to improve its vitality and vibrancy:

- Vacancy has increased since 2015 (5%) to 8%.
- Current town centre offer is over-reliant on comparison retail (36% compared to 30% nationally) which is vulnerable to decline given structural shift to retail and heavy leakage of spend to competing larger regional centres;
- 20% decline in footfall compared to 2019 levels, underlining need to increase activity to maintain local spend.

The project will contribute to town centre diversification by increasing visitors and associated linked spend, and expanding activity. Visitor spend will likely focus on leisure (i.e. food and beverage), enabling repurposing of empty retail units.

MHDC's economy relies heavily on the visitor economy, which is underperforming.

The external perception of the District's affluence masks its relative deprivation, social exclusion and below-average economic performance. There is a need to create opportunities for young people to train and gain experience in visitor economy and growing creative economy opportunities.

- MHDC workplace earnings are 9% lower than the UK average.
- April 2021 MHDC youth unemployment 18-21 (9.8%) is higher than national average (8.8%).
- Lack of nearby creative/digital arts education and training provision as barrier: closure of Malvern Hills College and its arts/creative industries-related education offer means that young people must travel to Hereford or Ludlow Colleges.
- Prohibitive distance from high-quality and varied cultural/events offer means that access to educational and cultural opportunities are restricted to those with financial means or time to travel.
- 24% of Malvern Hills LSOAs are ranked within the 10% most deprived neighbourhoods (Index of Multiple Deprivation).
- Poor levels of social mobility: bottom third of LADs and classified by Government's Social Mobility Index as 'Performance Zone 4' – weak performance which identifies that they provide little opportunity to achieve good outcomes as an adult, highlighting high housing costs and a weak labour market as creating additional barriers.

The role of locally-accessible training opportunities including in digital and performing arts, as well as opportunities to gain experience in the ancillary services of marketing, management and hospitality will provide a gateway for young people to access jobs in the growing creative and visitor economies.

Ageing population and above-average special educational needs also contribute to underserved audiences for cultural activities:

- Worcestershire has above-average SEND children (13.3%) than English average (12.2%). Arts Council England's Active Lives Survey found that those with limiting disabilities were less likely than those with no disability to attend arts or cultural events in the last 12 months (52.96% versus 61.2%).
- MT user engagement demonstrates that current space cannot accommodate more community events catering for these target audiences with specific needs and therefore the spaces cannot adequately accommodate special needs.
- MHDC and Worcestershire have ageing populations: 28.2% and 23% are 65+ compared with national average of 18.7%.
- MHDC was ranked by Age UK as having the 66th/348 LADs worst score for loneliness.
- Percentage of residents with a limiting long-term illness/disability (19.5%) is higher than national average (17.6%).

Explain why Government investment is needed (what is the market failure)

MT is financially stable, with grant funding comprising just 1% of total revenue and funding is in place for Phase 1 of the project. Malvern Theatres is a charity and typically only receives 1% of public funding annually. For comparison, the RSC receives 21.39%; the National Theatre 25%. However, Government investment is required for the following reasons:

1) The additional 3No. flexible spaces will specifically accommodate the uplift in community outreach activities, some of which are cross-subsidised by the Theatre's commercial operation. These cultural and learning opportunities, alongside the Theatre's core offer, can be considered as a merit good which creates positive externalities: both in terms of the commercial events offer and community-oriented activities. However, without further LUF investment Malvern Theatres is not in a position to build this transformative extension. Two other community arts assets have closed in Worcestershire since 2020, namely Bromsgrove Artrix (300 seat theatre / 90 seat studio) and Worcester Arts Workshop, demonstrating the challenge of maintaining smaller scale, self-sustaining community arts facilities. Whilst MT's projected income and expenditure profile demonstrates that the community arts programme would be financially self-sustaining in terms of revenue, the scale of revenue income alone would not support the scale of capital investment required in the 3No. flexible spaces and associated breakout areas without public grant funding.

2) The provision of specific theatre performances, screenings and events that cater for those with physical or mental disabilities requires that the studios and Forum Theatre be occupied at a far lower capacity than the core commercial offer, which necessitates cross-subsidy from the core commercial programme which has fuller audiences, to compensate for the net revenue cost of supporting this offer. Given the commercially unprofitable operation of such events, the needs of underserved cultural audiences (economically disadvantaged or people with physical or mental disabilities) would not be met by market-led provision and the lacking profitability of these activities does not create an incentive for market actors to intervene.

There is a need for Government intervention to enable these activities. In the absence of government intervention, the following positive externalities would not likely arise: social wellbeing, mental health and social/cultural capital benefits of those additional 20,500No. participants in the community-focussed events programme, including underserved audience segments, wellbeing benefits of the additional 135,000 audience members able to access cultural events.

The additional capacity from the development will provide vital additional income for the theatre, helping to ensure its survival in the post pandemic period, and making a significant impact on its longer-term viability and future robustness, as well as the economic and social benefits detailed in this submission.

Nationally public spending on the arts delivers a return of £5 in taxes for every £1 invested. This modest investment is one of the reasons why the Creative Industries are the fastest growing part of the UK economy. Astonishingly, Malvern Theatres outperforms even this impressive statistic: for every of £1 public money it receives, it contributes an astounding £338 to the economy.

Theatres also generate an annual cost saving to the NHS of £102,234,585 every year by helping benefit the physical and mental health of those in their surrounding communities (statistic from the UK Theatre and SOLT Report, May 2021). This extension will allow the theatre to do more and better community work; work that is not possible on the existing site and is not available elsewhere in the region.

Explain what you are proposing to invest in and why the proposed interventions in the bid will address those challenges and barriers

As an overview, the project will specifically address the following challenges and barriers:

- Increase access by local young people, particularly those from deprived backgrounds to life-changing cultural and training opportunities that will improve their life chances by building social and cultural capital.
- Improved vibrancy and vitality of Great Malvern town centre, a major visitor economy asset, by increasing MT audience numbers by 45% by being able to host more frequent and higher-profile events in its main auditorium and new

outdoor amphitheatre.

- Support inclusive economic growth by developing an existing hub of cultural excellence by providing a digital studio, which will support both MT activities and provide infrastructure for other creative economy based users.
- Provide opportunities for learning, socialising and enjoyment by more vulnerable audiences which are currently underserved: older people and those with mental and physical disabilities, by increasing the breadth of the community-focussed events programme and making the facility more accessible by delivering appropriate step-free access and toilet facilities.

MT's community engagement programme is currently at capacity and takes place in a range of unsuitable locations across the complex, due to lack of space. More than 40% of its classes are held in its bar; an inappropriate space for children and vulnerable adults.

Phase 1

This will provide a multifunctional performance space at first floor level with secondary connected studio, including meeting room and office space. The ground floor will be reconfigured to enable provision of a Changing Places toilet, enlarged lobby/box office area and reconfigured landscaped entrance with step-free access.

This will:

- provide two flexible studio spaces to accommodate the proposed tenfold increase in participants in the community-focussed programme of events during evenings and on weekends, training and workshops, by overcoming the current limit of floorspace and providing safe and secluded spaces to cater for more vulnerable participants: children, especially those from disadvantaged backgrounds, and physically and mentally disabled participants;
- create space to accommodate for more school participation opportunities including those facilitated by world-renowned theatre and dance companies, doubling the number of schools currently taking part in education work at the theatre every year. This will increase the social and cultural capital of school-age pupil participants;
- create a space comparable to using the stage of the main auditorium of a standard for professional development for the region's aspiring performers, freeing up the main auditorium for a more frequent commercially-driven events programme; and,
- facilitate workshop participation or visit to mainstream production for people severe disabilities.

Phase 2

Increasing the capacity of the Forum Theatre by 50 seats, an outdoor amphitheatre and new dressing rooms will enable the Theatres to attract c.135,000 additional visitors p.a. and increase theatre turnover by £2,500,000 by:

- accommodating a sufficiently large audience to attract larger-scale touring performance of national and international quality and being able to operate on a more full-time basis;
- in tandem with Phase 1, providing facilities that are of sufficient specification for the venue to compete effectively for conferencing trade and international tours;
- hosting more frequent commercial events, as the auditorium would no longer need to accommodate community-driven programme which do not fully utilise the space;
- increasing ticket sales and subsequent linked trips and associated spend in Great Malvern town centre; and,
- physically and financially be positioned to support a more diverse events programme.

By supporting increased revenue and visitors, the project will:

- contribute to the recovery and growth of the District's important visitor economy by directly creating 40No. new jobs within the creative, retail, hospitality and leisure sectors with 10% of these being apprenticeship places and generate local and supply chain spend that will support 125 new jobs in these sectors;
- safeguard the future operation of a unique regionally-important cultural venue;

- support the vitality and viability of Great Malvern town centre, which is a key asset in retaining and attracting inward investors and new residents whose location is driven by quality of life considerations; and,
- create more opportunities for local young people to access high quality jobs within the creative industries by supporting additional work experience places, including 4No. additional apprenticeship places.

By growing local talent within the creative industries and providing a photography/film editing and sound studio, the Theatres will provide necessary infrastructure to support the growth of local start-up and existing creative economy businesses.

Upload Option Assessment report (optional)

How will you deliver the outputs and confirm how results are likely to flow from the interventions?

Context

This LUF bid aims to transform what is already a regionally important cultural and visitor attraction into an internationally competitive visitor attraction and enable greater local participation in learning and cultural activities by accommodating a larger community-focussed programme.

The bid will address under-representation of audience share in terms of younger people and lower socio-economic background.

The visitor economy and its links with culture, leisure and hospitality is a key driver of the District's economy. These sectors have been amongst the hardest hit by the pandemic and this investment will enable economic recovery and growth.

Aims and Objectives

- Increase community participation in cultural and learning opportunities at MT, particularly expanding participation and audience share of underrepresented groups (socioeconomically deprived and special needs).
- Create more opportunities for young people to gain experience or qualifications in relation to the creative arts, improving social mobility and the local labour pool for creative industries.
- Enhance the Forum Theatre to enable larger audiences and accommodate more high-profile events including internationally touring performances.
- Attract more and a greater range of audience by accommodating new event formats including conference trade, outdoor performances and smaller-scale performances alongside the main programme delivered in the Forum Theatre.
- Support the vibrancy and vitality of Great Malvern town centre and the District's visitor economy by drawing in more day and overnight visitors to MT events and creating local opportunities for linked trips.

Inputs

- MHDC-owned MT site and land within Priory Park required for expansion.
- LUF contribution of £19,941,040.
- Secured match funding of £2,250,000.
- MHDC project management and external design team.

Activities

- Construction starting October 2023 with practical completion and operation in

June 2025.

- MHDC project management, MT expert advice and external design team.
- Detailed design for the Phase 2 proposals.
- Secured extant planning permission for the Phase 1 proposals,
- Improved disabled access to the theatre, plus changing places toilet,

Outputs

- 125 directly employed jobs (increase of 45FTE) and 375 indirectly employed in the local economy and supply chain (increase by 120FTE)
- 135,000 additional visitors p.a., totalling 435,000 p.a. mainly from the West Midlands region.
- 4No. new studio spaces including recording studio, new hospitality space including foyer and entrance plaza, 469sqm outdoor amphitheatre, expanded Forum Theatre (+60 seats) and 10 wheelchair-accessible boxes and ancillary storage
- Increased economic benefit to the local economy of £9m GVA per annum increasing to £32m in total.
- A world class arts and cultural venue for the region,
- Increased participation amongst younger people and disadvantaged groups, reaching an audience that would otherwise not be able to attend mainstream theatre performance offer, building social and cultural capital.
- Increased overnight stays,
- Improved resident and visitor perceptions of Malvern Hills as a place to visit, live and stay.

Outcomes - Short/Medium Term

- Enhance visitor experience, cultural and leisure offer – delivery of world-class cultural complex with additional business tourism events, wider cultural programme including digital activities making use of sound and recording studio.
- Enhanced events programme and cultural offer which is more accessible in terms of physical accessibility as well as financial cost of participation. This will particularly benefit previously-underserved groups including socioeconomically deprived and those with physical and mental disabilities, with improvements in social and cultural capital and wellbeing.
- In particular, elevating the aspirations and building social and cultural capital of school-aged children locally and in the wider sub-region, by expanding the number of schools able to access events and training from 95No. to 200No. schools.
- Increasing locally accessible apprenticeship and work experience placement opportunities for younger people, providing a step towards accessing a variety of cultural/creative economy education or job opportunities.
- Increased attractiveness of Great Malvern and wider District as a place to live, visit and work and increased prospects of attracting inward investment and new higher productivity jobs, including those allied with creative industries and visitor economy.
- Increased town centre footfall and spend.

Long-Term Transformation

- Improved wellbeing of those participating in community-focussed events programme and MT's core cultural offering, including improved physical and

mental health.

- Improved social and cultural capital of young people from deprived backgrounds, including improved social mobility for those who have directly benefitted from formal training (apprenticeships) and informal training opportunities (work experience placements, participation in workshops/events).

- Improved economic dynamism by attracting / retaining younger people and retaining qualified working population to participate in economic activity.

Theory of change upload (optional)

Set out how other public and private funding will be leveraged as part of the intervention

Local Fundraising

In a response to this agenda, £511,000 has already been raised towards this project through local trusts and charitable foundations. All have recognised the importance and vital need for this redevelopment if Malvern Theatres is to be able to continue to meet the demands of its community.

MHDC Investment

As well as the match funding within the bid, the Council is investing £750,000 in the surrounding Priory Park, including a new destination play area and investing in its green and blue infrastructure to create new wetland planting and replacing non-native planting with native planting, achieving Green Flag status to further enhance it as a visitor attraction.

Explain how your bid aligns to and supports relevant local strategies and local objectives for investment, improving infrastructure and levelling up

Economic Development and Visitor Economy

Worcestershire's Local Industrial Strategy ('WLIS') highlights that over half of the 18+ student population does not return to or remain in Worcestershire post-qualification (15.7% remain compared with 29.3% nationally), exacerbating an increasingly ageing population and working-age population and identifying the need to attract working-age population and students back to Worcestershire.

The WLIS underlines the importance of Malvern's association with the arts as essential features of Worcestershire's attractiveness as a place to live, work and invest.

The WLIS identifies that the current tourism offer is fragmented spatially and in terms of activity, with latent potential to maximise day and overnight tourism relating to culture and Malvern Hills AONB. The transformation of town centres and provision of a vibrant cultural offer is a priority to attract and retain younger people. By increasing footfall and breadth of leisure offer, the Theatres will support the delivery of this transformation by increasing vitality and vibrancy, boosting private sector confidence to invest in further town centre development.

Worcestershire's Plan for Growth 2020-2040 supports the revitalisation of town centres to ensure they meet community needs and have multi-functional High Streets. The LEP specifically identifies this project as a key means of achieving its strategic objective.

The Malverns Visitor Economy Action Plan 2021 ("VEAP") identifies the District's arts cluster, including Malvern Theatres and adjacent Coach House

Theatre, as a key visitor economy strength to enable visitors throughout the year. By increasing footfall and the scope for overnight stays and associated higher spend, the project will help to reinforce the opportunity to promote Great Malvern's comparison retail and F&B offer.

Cultural and Skills Development

The WLIS highlights that post-16 educational performance is below national average, highlighting the need to raise aspirations. As set out in the LUWP, building social and cultural capital can enhance individual attainment and subsequently contribute to economic productivity.

The MHDC Corporate Five Year Plan ('FYP') specifically commits to working with Malvern Theatres to facilitate the project, to increase the educational and community work done by the Theatres.

Worcestershire's Children and Young People's Plan (2017-2021)

The Plan seeks to provide access to learning experiences for all and improve outcomes for most vulnerable children and young people, particularly in decreasing the achievement gap, improving social and wellbeing outcomes and supporting young people to overcome barriers to sustained employment. The new workshop spaces will enable a greater contribution to delivery of this Plan, particularly in hosting events such as the Holiday Activity and Food programme which involved 100 FSM children from Kidderminster, Redditch, Evesham and Worcester in Spring 2022.

Development Plan Support

Malvern Neighbourhood Plan ('MNP') seeks to strengthen its tourism assets to increase visitor numbers, providing opportunities for additional local businesses and employment. It also seeks to support a diverse range of town centre uses and enhance key centre environments to create vibrant retail, social and cultural hubs for the area. Policy MC1 supports the enhancement of existing community and leisure facilities where siting, scale and design respects local character.

South Worcestershire Development Plan 2016 ('SWDP') Policy SWDP9 supports new leisure and tourism development that contributes to a high-quality network of settlements. The SWDP seeks to promote opportunities and access to a range of skills / vocational training and levels of education for all generations and increase leisure and tourism-related spending and income.

The project supports these MNP objectives by increasing visitor numbers and, through linked trips and associated spend, will increase the viability of existing town centre businesses and encourage investment in new business within Great Malvern town centre.

In summary, there is strong regional and local policy support for the project and the rationale for the intervention; a stronger visitor economy, more inclusive and expansive cultural offer and enhanced training and skills development opportunities will contribute to delivery of policy objectives.

Explain how the bid aligns to and supports the UK Government policy objectives

Levelling Up the United Kingdom White Paper ('LUWP')

The LUWP identifies factors that will help to drive levelling up; this bid will contribute to the following:

- Physical capital – providing cultural infrastructure
- Human capital – enabling greater educational activities for schools groups, providing training space for regional talent, directly increasing employment and training and indirectly supporting economic opportunities in catchment area.

- Intangible capital – enhancing access to theatre as building cultural capital, contributing indirectly to idea generation and innovation

- Social capital – culture is recognised as a key determinant of places' social capital; the opportunity to enjoy culture is unevenly distributed across the country. The new facilities will support community cohesion by improving participation of underrepresented groups among theatre audiences (younger people, lower socio-economic groups, people with severe disabilities), reducing financial barriers to participation and providing suitable space to facilitate community-driven theatre and dance activities.

As highlighted elsewhere in the bid, the growth of human, intangible and social capital in particular will contribute to improved educational attainment and, by lifting aspirations and providing informal and formal training opportunities, support new talent accessing the growing creative economy.

Given the higher proportion of SEND children and older demographic profile of MHDC and Worcestershire, increased cultural engagement amongst these more vulnerable groups will support positive mental and physical health outcomes.

The District's UKSPF Investment Prospectus includes provision for a Community Arts Officer, who will support District-wide usage of MT and the District's other cultural assets. In combination with the revenue-funded initiatives set out in the District's UKSPF Investment Plan, the project will support local business, people and skills. The LUWP recognises the benefits of investment in cultural offer outside of London, as creative industries are both a source of local pride and improved quality of life, but also drivers of growth and productivity.

Malvern Theatres is committed to ensuring it has a minimal impact on the environment. It has a strong partnership with the Council and was recently awarded £167,000 of Salix funding to upgrade the Building Management System and improve insulation. Malvern Theatres has already made several changes to improve its carbon footprint, including installing new boilers and LED lighting throughout.

The Council's carbon reduction plan, Destination Zero, highlights the need to reduce emissions from the Theatre as part of its ambition to be carbon neutral by 2030. It also contributes towards delivery of the Government's Ten Point Plan for a Green Industrial Revolution, specifically Point 7: Green Buildings.

The extension will be built to high energy efficiency and low carbon standards to reduce the environmental impact of the building. In addition, the project will deliver energy efficiency measures to reduce the building's overall carbon impact.

The design of Phase 1 aims to achieve BREEAM 'Excellent' by incorporating elements such as energy management and ecological enhancements.

Phase 2 will include the following:

- 'Fabric first' approach to the building, including 50% betterment on building regulations u-values and air leakage rates (including triple glazing)
 - Rain water harvesting
 - PV on the roof and in the building louvres
 - Demolished building fabric will be used as hardcore for the new building
 - Mechanical air extract heat recovery and air source heat pumps
 - All building materials Green Guide A rated
 - All fittings A++ minimum energy rated
 - Coffered concrete planks used to create exposed thermal mass, which regulates temperature through the seasons.
-

Alignment and support for existing investments

Where applicable explain how the bid complements or aligns to and supports existing and/or planned investments in the same locality

UKSPF

The District's UKSPF Investment Prospectus includes provision for a Community Arts Officer, who will support District-wide usage of MT and the District's other cultural assets. This role will include support for outreach activities to grow local participation in culture and engage underrepresented audience segments. This will enhance the effectiveness of the project when it is complete, by growing prospective community programme participants and new audience prior to operation.

The Investment Plan includes a Town Centre Delivery Fund, which will support initiatives led by local businesses in Great Malvern to maximise the visitor economy offer and amplify outcomes, aligning with the Community and Place investment priority.

Confirm which Levelling Up White Paper Missions your project contributes to

Select Levelling Up White Paper Missions (p.120-21)

Education
Skills
Health
Wellbeing
Pride in Place

Write a short sentence to demonstrate how your bid contributes to the Mission(s)

- Education – the project will enable increased cultural participation by primary school-aged children, which is proven to support engagement in non-arts subjects and reduce the effects of disadvantage on educational attainment.

- Skills – the project will contribute to enhanced soft and technical skills in the creative industry sector in the local area and Worcestershire, via its paid trainee work placements, apprenticeship places and theatre summer schools.

- Wellbeing – the project will support improvement of wellbeing relating to life satisfaction, anxiety and happiness.

- Health – the project will support improvement of Healthy Life Expectancy by 2035.

- Pride in Place – the project will increase the local and sub-regional population's engagement with local cultural and community by 2030 and improve people's satisfaction with Great Malvern town centre.

Provide up to date evidence to demonstrate the scale and significance of local problems and issues

Economic Performance and Productivity

MHDC is a Priority 1 area with unemployment on the increase between the ONS estimate for Oct 2018-Sept 2019 (2.5%) and Oct 2019 – Sep 2021 (3.7%). This second period captures the impact of COVID-19 induced impacts on the local economy.

It is particularly dependent on the visitor economy, with 10.7% of residents working in accommodation/food service activities and arts, entertainment and recreation compared with the West Midlands (8.1%) and UK (9.4%) averages.

Between 2019-2020, the value of day and overnight trips to Malvern District declined by 48% and 58% respectively, resulting in a 50% reduction in gross value added.

Whilst pandemic-related restrictions were exceptional, the 2019 Tourism Economic Impact Assessment evidenced a downward trend in overnight stays,

reducing by 3% between 2018-19, indicating a need for intervention to restore growth.

There is a need to create more better quality, better paid jobs. The average full-time worker in MHDC earned c.4% less than the UK average in 2021.

There is a particular need to create local economic opportunities for young people. In April 2021 youth unemployment 18-21 in Malvern Hills was running at 9.8% similar to the West Midlands but higher than the GB average of 8.8%. MHDC ranks 255th out of 324 LAs nationally for social mobility.

Footfall in the town centre has fallen from 200,000 per month in 2019 to some 160,000 per month in 2022 – a 20% decline. In addition, the Town Centre has seen increasing vacancy rates – with 8% of ground floor units vacant compared with 5% in 2015.

Deprivation, Public Health and Demographic Needs

The relatively affluent and well educated older people within the local area have a below average participation in cultural activity. Pre-pandemic the venue regularly reached capacity both for its creative learning programmes and its Forum Theatre shows. The Forum Theatre reached maximum capacity for 20% of its performances in 2019.

Whilst lack of access to programme is clearly a barrier to engagement, issues around physical access is also a significant challenge. The Theatres' catchment market is older and whilst a significant percentage are still mobile and able to engage in cultural and social activities, many are restricted, to some extent, by age related mobility limitations.

The LUF project is designed to enable all sections of the community in particular those that are disadvantaged to access the Theatres and to support the revitalisation of the town centre.

Increasing local access to varied, high-quality culture offer is also necessary, particularly given the expense of accessing alternative concentrations of cultural activities in Birmingham and Cheltenham. The Arts Council's Every child (2015) report highlights that parents from higher socio-economic groups are significantly more likely to take their children to arts events and encourage participation, resulting in a 'cycle of culture' whereby children from lower socio-economic background engage significantly less.

This underpins the need for easily accessible facilities and more local culture offer, including informal opportunities to socialise such as the community events facilitated by the expansion.

Demonstrate the quality assurance of data analysis and evidence for explaining the scale and significance of local problems and issues

A robust evidence base is required to provide a comprehensive understanding of local context and to articulate local strengths, challenges, and opportunities in order that interventions are targeted appropriately to meet need and gaps in existing provision. The evidence base has been gathered through desktop research, supported by case studies and consultation documents. A range of publicly available sources, documents, and web-based applications have been used including the following latest sources as shown by their date of publication:

- Annual Population Survey (2020)
- ONS Business Register and Employment Survey (2020)
- Annual Survey of Hours and Earnings - workplace analysis (2020)
- Index of Multiple Deprivation (2019)
- Levelling Up Fund: Prioritisation of places methodology note (2021)

- ONS GVA by Local Authority statistics (2018)
- ONS Claimant Count (2021)

Robustness and Unbiasedness of Data

To ensure robustness, multiple sources have been examined to verify the same conclusions are arising. Additionally, the combination of data sources allowed local problems as well as sub-local patterns to be examined. The broadly public data sources can be collated to demonstrate a clear and robust picture of the main issues facing Malvern Hills and Worcestershire, whilst the bespoke sources, such as the report from the Audience Agency, illustrate how Malvern Theatres plays a role. This approach can be seen above, with multiple government resources supported by specific studies into the local area and development in question.

Malvern Theatres Data & Finance

Evidence relating specifically to the Theatre, such as evidence of unmet demand and evidence about the unsuitability of facilities has been provided by Malvern Theatres. As a registered charity, Malvern Theatres is required to maintain an accurate overview of its financial performance and on the impact of its charitable activity. This evidence has formed the basis of the assessment of demand and outputs.

Demonstrate that the data and evidence supplied is appropriate to the area of influence of the interventions

The data and evidence relates to a series of appropriate geographies based on its area of influence, as follows:

- Malvern Hills District - Malvern Theatre is located within the MHDC local authority area which is a Priority Category 1 area. The Theatre draws visitors from within the district and beyond. It supports jobs, both directly and indirectly, the majority of which are located within the local authority area. Therefore, the assessment has considered key drivers at the local authority level, including socio-economic and market data. This has confirmed the scale of need, based on published data relating to unemployment, wages, demographics and the requirements of particular groups or communities.
- Malvern Town Centre – performance and market data (including footfall and vacancies) has been analysed for the Town Centre, where the Theatres are located. The Theatre is a key source of additional demand for many town centre businesses.
- Theatre market catchment – analysis has also been undertaken of the Theatre market catchment area using Audience Agency data.
- Worcestershire – data has also been assessed for Worcestershire since this forms a key part of the catchment area for the Theatre and there is a strong functional relationship between Malvern and the other parts of Worcestershire, in particular in the south.
- West Midlands, England and UK – comparative data has been presented for the West Midlands, England and the UK to highlight local issues.

Provide analysis and evidence to demonstrate how the proposal will address existing or anticipated future problems

The alignment between the outputs and outcomes of the Malvern Theatre LUF funding and how their delivery will directly address existing problems in the project's area of influence has been demonstrated.

By providing new theatre, workshop, studio and creative learning spaces, the project will address current capacity constraints. At present, learning spaces at the Forum Theatre are at maximum capacity, and performances reach capacity

on a regular basis, which means that there is unmet demand and only a limited range of programming can be offered. Capacity will be improved with the creation of a new 400m² studio theatre and other medium and smaller studios, as well as new creative learning spaces. The capacity of the Forum will increase from c.840 seats to 900 including 10 new fully accessible traditional boxes. The new external amphitheatre will also allow the staging of new outdoor performances.

Ultimately, creating this additional capacity will enable the theatre to attract additional visitors and a wider and more diverse range of performances and productions.

The LUF project will also upgrade the facilities at the theatre including 220 m² dressing room space, 320 m² storage, new catering, and a new foyer. The delivery of these outputs will directly address the current lack of dressing room spaces and supporting facilities which limit the range and types of performances at the Forum and income-generating potential.

The supporting facilities will promote the attraction of more visitors to the theatre, with the potential to attract a new international programme, all serving to grow income and create new jobs. For example, catering facilities are expected to generate 20,500 additional visits and create new jobs for young people.

The new creative spaces at the Theatre will widen community accessibility, especially amongst young people, schools and disadvantaged communities, overcoming current limitations regarding community involvement with the theatre. The theatre's catchment is currently dominated by an older demographic. The new facility will create a multi-generational space for residents, local communities and visitors to the area, whilst new programming will attract more diverse audiences (including out of area visitors). Additionally, the theatre proposals have been designed with physical accessibility in mind. Given that the theatre is currently inaccessible to some visitors with mobility issues, there will be a new accessible external lift into the building.

Opportunities to improve the financial sustainability of the theatre have also been factored into the project proposals, given that the theatre currently faces barriers to commercial income generation. Creating new spaces to host conferences and meetings is expected to result in 43,000 additional conference visitors using the venue. This will accompany the increased incomes from having more visitors to a greater range of performances at the theatre.

The rejuvenation of internal and external spaces at the theatre, especially the new 469 m² external amphitheatre, will help to promote the wider economic recovery and prosperity of Malvern. This stimulus is critical given issues such as increasing unemployment, relatively high unemployment amongst 18-21 year olds, declining overnight visitors to the area since 2019 and the exacerbation of problems in the town centre. Having additional visitors to the theatre will support businesses in the local area, with the new high-profile external amphitheatre especially generating additional tourism to the area, increasing dwell time and increasing spend in the local area.

Overall, the project will result in direct employment increasing by 45. The projected off-site/indirect impacts is forecast to be 120 jobs. In total therefore the project will support 165 gross additional jobs. After allowing for leakage, displacement, multiplier effect and deadweight, some 60 total net additional local jobs are forecast to be created in the tourism, cultural and retail sectors at the Malvern Hills level, which will be accessible to local disadvantaged communities. The project is forecast to create some £3.4 million per annum in net local additional Gross Value Added (GVA).

A substantial evidence base has been drawn upon to ensure the outputs and outcomes of the Malvern Theatre LUF project will effectively address the existing challenges:

- Malvern Theatres have developed and provided demand analysis and business plan modelling based on operational evidence and market assessment
- Building plans have been developed by Walshe Associates Architecture
- Feasibility cost plans for the new development have been provided by Walshe Associates

- The AMION CBA model includes the wellbeing benefits to event attendees, labour supply benefits and wellbeing benefits to volunteers
 - Wellbeing benefits have been informed by research undertaken for DCMS and the Green Book Supplementary Guidance for Wellbeing
-

Describe the robustness of the analysis and evidence supplied such as the forecasting assumptions, methodology and model outputs

The assumptions are based on a range of forecasts, baseline evidence, expert advice and consultations, which have informed quality assured modelling by independent specialists, as follows:

- Building plans have been developed by Walshe Associates Architecture who worked with the Malvern Theatres team to define the need and design spaces and improvements that would meet the requirements and fit within the sensitive landscape.

- Feasibility cost plans for the new development have been provided by Walshe Associates Quantity Surveyors, based on the Walshe design scheme
- The Malvern Theatres senior team has developed an income and cost model for the new facilities, based on their operational experience and evidence of demand.

- External reports used to support the assessment of demand and impact include an Economic Impact of Tourism Report, produced by The Research Solution and using the Cambridge Economic Impact Model.

- An Area Profile Report produced by the Audience Agency, using data derived from the Target Group Index and the 2011 census has been used. The analysis used two segmentation models to profile the catchment community, Mosaic and Audience Spectrum (the segmentation tool that is used by Arts Council England supported venues).

- AMION have developed a comprehensive cost benefit analysis (CBA) model for the project based on assumptions and best practice outlined in the HM Treasury Green Book – for example, this includes consideration of Optimism Bias and the Social Time Preference Rate of 3.5% has been applied. An explanation of the benefits assessed is set out in Q5.3.2. The modelling framework used has recently been re-viewed by Homes England analysts on behalf of DLUHC.

- In terms of the benefit modelling, the inputs have been directly informed by the Green Book and published government guidance:
 - o The land value uplift and wider land value uplift benefits have been informed by the Green Book and various recent research studies including work undertaken for Homes England by AMION.

- o The wellbeing benefits felt by attendees to dedicated cultural events have been informed by DCMS 'Quantifying and Valuing the Wellbeing Impacts of Culture and Sport'. Values have been calculated only for those wellbeing impacts identified as statistically significant. The values use a robust wellbeing valuation technique outlined within the HMT Green Book and which features in a number of high-profile academic publications. The derived values show the increase in income that would be required to result in the same wellbeing increase.

- o The wellbeing benefits felt by volunteers and unemployed residents moving into employment have been informed by values in the Green Book Supplementary Guidance for Wellbeing.

- o Labour supply benefits, cited in the Green Book and accepted in the FHSF guidance, have been informed by Experian data and TAG assumptions, along with analysis of the local market.

- o The amenity benefits from enhanced public realm have been informed by the then DCLG Appraisal Guide.

Explain how the economic costs of the bid have been calculated, including the whole life costs

Converting Financial to Economic Costs

The nominal financial costs in the Financial Case (Deliverability Section) have been converted to economic costs in line with the Green Book removing general inflation (based on the most recent Office of Budgetary Responsibility (OBR) publication) to convert estimates of future costs to constant (2022/23) prices. The costs include provision for risks and contingencies.

The constant price costs have been adjusted to present values by applying the HM Treasury's Social Time Preference discount rate of 3.5% per annum. LUF funding within the programme is expected to run until March 2025, in line with the published guidance.

Optimism Bias

The economic costs include an allowance for Optimism Bias. This has been estimated using an Optimism Bias Mitigation Model based on the Supplementary Green Book Guidance produced by Mott MacDonald. The mitigations made to each element of Optimism Bias for each intervention are summarised in Table 2, and relate to ensuring an adequate business case and reducing the risk of procurement and environmental issues. A mitigated Optimism Bias rate of 12.8% has been applied to the capital costs.

The impact of higher levels of Optimism Bias and the inclusion of Optimism Bias on benefits has been tested through sensitivity analyses (see Q5.4.3).

Capital costs

The estimated public sector economic costs of the project in constant 2022/23 prices are set out in Table 3. These costings are based on the cost appraisals and financial modelling prepared for the project. There is no public income expected or additional costs within the Reference Case, therefore the gross and net total public sector economic present value costs are £21.66 million.

The private sector economic costs (the present value Malvern Theatres capital investment is £1.0 million in 2022/23 prices including Optimism Bias) have been taken into account in the assessment of value for money by subtracting them from the total economic benefits before the BCR is calculated.

Further details about the economic costs have been set out.

Describe how the economic benefits have been estimated

The framework for assessing the economic benefits of the Malvern Theatre project has been developed using the HM Treasury Green Book, and guidance published by the then DCLG, DCMS and DfT. The economic benefits reflect the net marginal position over and above the reference case (or counterfactual) in which no LUF monies are received. Under this scenario the project would not be taken forward.

Based on published guidance, the following benefits have been assessed:

- Land Value Uplift – CBRE has provided information about the value of the extension and the existing use value based on benchmark data, which has been used to estimate the direct land value uplift, and allowance made for displacement at 25%.

- Wider Land Value Uplift (Placemaking) - wider placemaking effects arising from the LUF project have been estimated in line with MHCLG guidance, using Valuation Office Agency (VOA) data for commercial analysis and Council Tax band data for the residential value assessment. Primary and secondary

catchment areas have been de-fined for the interventions. The primary catchment area is immediately adjacent to the Malvern Theatre project, whilst the secondary area covers a wider area which is calculated to be influenced by the investment. Prudent assumptions on the level of uplift have been incorporated for the improvement to this key asset in the town centre of Malvern, as set out in the Technical Report, and allowance made for displacement at 25%.

- Events wellbeing benefits – the wellbeing benefits derived from attending arts and cultural events, have been estimated based on the forecast additional audience numbers, and with a wellbeing value of £55 per attendee (2022/23 prices) taken from DCMS’s Culture and Heritage Capital Evidence Bank (Fujiwara 2014). The number of event attendees is forecast to increase by 135,000 per annum - rising from 300,000 to 435,000 each year following implementation of the project. The deadweight position, assuming a six-month closure for works, has been accounted for with a loss of 200,000 attendees during the construction period. Allowance has been made for displacement of 50%.

- Amenity benefits – consistent with the then DCLG Appraisal Guide, it has been assumed that new green spaces in an urban environment have an economic benefit of £109,138 per hectare per annum (2016 prices). The project is expected to enhance 0.43 ha of public spaces. As these spaces are enhanced rather than new, 25% of the economic benefit stated in the Appraisal Guide has been applied, with allowance made for displacement of 30%.

- Labour supply - the additional jobs created through the programme will lead to labour supply benefits as new entrants / re-entrants are attracted into the workforce. The GVA benefits which arise from increased labour supply are assessed over a ten-year period applying the methodology used by DLUHC. The number of new jobs created has been based on an assessment of the employment impacts of the project, based on the staffing requirements of the expanded facility. In total the level of direct employment is forecast to rise by 45. Allowance has been made for displacement at 25%.

- Personal, social, and civic development – the Green Book Supplementary Guidance for Wellbeing shows that life satisfaction improves based on participation in personal, social and civic development programmes. Specialists advising on the project have forecast the number of beneficiaries over the lifespan of the facility. This effect has been monetised at £5,200 per year for each participant, which is cited in the Wellbeing guidance. Allowance has been made for displacement at 25%.

- Volunteering wellbeing benefits - regular volunteering has been shown to have a positive impact on individuals’ wellbeing and quality of life. As set out in the Green Book Supplementary Guidance for Wellbeing, volunteering is associated with enhanced wellbeing. Specialists advising on the project have forecast the number of volunteers supported by the intervention. Using the approach and value figures stated in this Supplementary Guidance, a value of £934 per volunteer per year has been applied using the subjective wellbeing valuation approach. Based on the proposed programme of events the number of volunteers is forecast to rise from 180 to 240 per annum – an increase of 60. Again, in assessing the wellbeing value of volunteering an allowance has been made for additionality with displacement of 25%.

Provide a summary of the overall Value for Money of the proposal

'Initial' BCR (Single bid) - 2.7:1

'Adjusted' BCR (Single bid) - 2.7:1

The estimated costs and benefits of the Malvern Theatres project have been set out. It is estimated that the project will have a public sector net marginal present value cost including Optimism Bias of £21.7 million. The net marginal present value economic benefits are £60.2 million.

The project has contributions from the private sector, which have been converted to constant prices and discounted, and had Optimism Bias applied, in order to arrive at a private sector economic cost. The private sector contributions (£1.0 million) are taken into account in the assessment of value for money and are subtracted from the total economic benefits before the BCR is calculated, resulting in a net present value economic benefit after private sector costs of £59.2 million.

The overall project initial BCR of 2.7:1, which is high value for money.

It is estimated that the project will have a public sector net marginal present value cost including Optimism Bias of £21.7 million. The net marginal present value economic benefits are £60.2 million, comprising:

- Land Value Uplift - £0.1m
- Wider LVU/Placemaking - £1.0m
- Wellbeing benefits (arts and cultural events) - £56.8m
- Amenity benefits - £0.1m
- Labour supply benefits - £0.2m
- Wellbeing benefits (Personal and social) - £1.5m
- Wellbeing benefits (volunteering) - £0.6m

The project has contributions from the private sector, which have been converted to constant prices and discounted, and had Optimism Bias applied, in order to arrive at a private sector economic cost. The private sector contributions (£1.0 million in present value costs) are taken into account in the assessment of value for money and are subtracted from the total economic benefits before the BCR is calculated, resulting in a net present value economic benefit after private sector costs of £59.2 million.

The overall project initial BCR of 2.7:1, which is high value for money.

The Appraisal Summary Table (AST) shows that the Net Present Public Value of the project is £37.5 million, whilst the initial and adjusted BCRs are both 2.7:1. The project is therefore expected to deliver 'high' value for money. The VfM is robust to five technical scenarios, and switching values requires the costs to increase by 177% or benefits to reduce by 64%. The DLUHC financial costs are £19.94 million. The project is also expected to result in substantial wider, non-monetised benefits including helping to promote cultural sector development and additional investment in the town centre.

Upload explanatory note (optional)

Have you estimated a Benefit Cost Ratio (BCR)?

Yes

Estimated Benefit Cost Ratios

Initial BCR 2.7

Describe the non-monetised impacts the bid will have and provide a summary of how these have been assessed

As the major cultural asset for the area, the proposed interventions at Malvern Theatres will deliver a range of important wider impacts. These have been identified through the assessment of local need and opportunity and through a review of wider benefits that have been delivered by comparable schemes:

- Acting as a catalyst for further investment and regeneration through placemaking impacts – by extending the existing Theatres and creating a major new outdoor arena, supported by the proposed new visitor facilities for visitors and residents it will act as a catalyst for new investment. It will result in additional footfall and promote future regeneration of the town centre and investment in additional developments/facilities. This will be over and above the placemaking impact on existing properties;
- Image and branding benefits – the enhancement of this significant cultural venue will help to further improve the image of Malvern Hills and Worcestershire. This will help to attract new visitors, investors and residents further enhancing the internal and external perception of the town;
- Talent retention – the development of the venue will provide new opportunities for cultural and creative practitioners. This will play a key role in arresting the loss of talent that is currently seen, linked to the current lack of creative employment opportunities;
- Cultural sector development – the significantly expanded programme will create greater demand for supply chain businesses in the area, particularly from individuals and SMEs which provide cultural support services (artists, freelance technicians etc.) The Theatre is committed to training the next generation of theatre professionals. As well as an annual residential course, Malvern Theatres Young Company provides a valuable route into the creative industries and 74% of previous participants now either study or work professionally in the arts. Enhanced facilities will enable the Theatre to expand this work, creating accessible pathways into the arts for all young people, irrespective of social background;
- Addressing disadvantage - through the provision of targeted events, activities and community programmes, as well as new employment opportunities, particularly for young people for whom such opportunities are more limited.

A weighting and scoring system has been used to assess these impacts. The highest scored wider benefit categories are 'image and branding', 'talent retention' and 'cultural sector development' which are scored 8 in recognition that the Malvern Theatre LUF project will facilitate an extended programme, the delivery of new activities including an international festival and attract substantial numbers of additional visitors. The 'catalyst for further regeneration/investment' and 'addressing disadvantage' criteria are given scores of 7, after considering how the project will stimulate further investment and target activities at disadvantaged groups. Overall, substantial wider benefits are expected with a weighted score of 7.6/10 (76%).

Provide an assessment of the risks and uncertainties that could affect the overall Value for Money of the bid

A risk register has been prepared. The main risks for VfM are:

- Cost increases – (a) property / site characteristics delay/constrain proposed development plans and increase costs; (b) inflationary pressures arise from labour shortages - although for risk / contingencies allowances made;
- Lack of demand / reduced benefits – success is contingent on audience demand. Risk that leisure and entertainment sectors will continue to suffer from the pandemic although the evidence is that people will return to events.

To test sensitivity of the VfM 'switching values' analysis has been undertaken. Costs would need to rise by 177% and benefits fall by over 64% for the initial BCR to fall to 1:1.

Alternative scenarios have been modelled varying costs and benefits:

- Core case – initial BCR (BCR – 2.7:1)
 - Scenario 1 – Standard upper bound Optimism Bias levels of 24% are applied (BCR – 2.5:1)
 - Scenario 2 – Visitor forecasts are 20% lower than expected (BCR – 2.3:1)
 - Scenario 3 – Visitor forecasts are 20% higher than expected (BCR – 3.3:1)
 - Scenario 4 – Costs are 10% higher and benefits are 10% lower (BCR – 2.3:1)
 - Scenario 5 – Optimism Bias of 10% is applied to benefits (BCR – 2.5:1)
- Under each scenario, high VfM is provided (BCR at least 2.0:1).

Confirm the total value of your bid

Total value of bid £22191040

Confirm the value of the capital grant you are requesting from LUF

Value of capital grant £19941040

Confirm the value of match funding secured

£2250000

Evidence of match funding
(optional)

Where match funding is still to be secured please set out details below

MHDC has secured £1,200,000 of match funding.

MT has committed £1,050,000 of its available reserves.

Total match funding = £2,250,000 (10.1% match compared with total).

Land contribution

If you are intending to make a land contribution (via the use of existing owned land), provide further details below N/A

Upload letter from an independent valuer

Confirm if your budget includes unrecoverable VAT costs and describe what these are, providing further details below

The budget does not contain unrecoverable VAT costs.

Describe what benchmarking or research activity you have undertaken to help you determine the costs you have proposed in your budget

At the outset of the project, the cost consultant has sought to benchmark the initial estimates against recent theatre projects, to ensure that the outline project scope sat within the required cost parameters for MHDC. However, given the unique nature of this project and its location we did not feel that this was sufficient to accurately gauge the proposed building costs for the final submission.

We have therefore taken the approach of creating an elemental breakdown of the different construction packages and seeking direct industry quotes for each specific works package from demolition through to the stone finishes to the amphitheatre.

There are a number of assumptions that we have made in the costs as we are at an early stage in the design process. The two key assumptions are set out below:

- Inflation – the project allows for a 3% increase on the current rates of inflation for each work package.

- Furniture and Fittings – at this early stage of the project it would not be practical to accurately cost any proposed furniture and fittings. We have therefore used percentage rates based on the current set of proposed plans allowing in total in excess of £800k set aside for the whole building. The majority of the allowance is currently concentrated on the Lower Ground and Ground floors as this is where the primary breakout and entrance spaces are located.

Provide information on margins and contingencies that have been allowed for and the rationale behind them

Professional fees have been based on current industry rates with contingency built in, as at this stage of the project there may be additional specialist consultancies that may be required in the subsequent design phases of the project. The value of the professional fees has been applied as a percentage of the total construction cost within the Grand summary cost sheet.

The contingency for the project is based upon the knowledge of the site to date, making use of the data from the most recently tendered project for the entrance area. Within the cost model that has been submitted inflation has additionally been allowed for within the individual package prices, as certain packages such as steel are likely to face a steeper price increase than others over the coming months.

Across the different breakdowns of floors and projects we have allowed different percentage values for the preliminaries, varying between 6% and 8%. This divergence has resulted from the consultation with the different subcontractors for the different work packages and their varying requirements for site facilities and set-up.

The allowances for external works have been set out on the basis of the requirement for each floor or project that are being costed i.e. First floor cost

breakdown has no external works, whereas the Ground floor with access off Grange Road will have the majority of the external works. For the Amphitheatre project the majority of the works are either the substructure or the stone paving forming the external works package, with a reasonable allowance for MEP connections from the main building.

Describe the main financial risks and how they will be mitigated

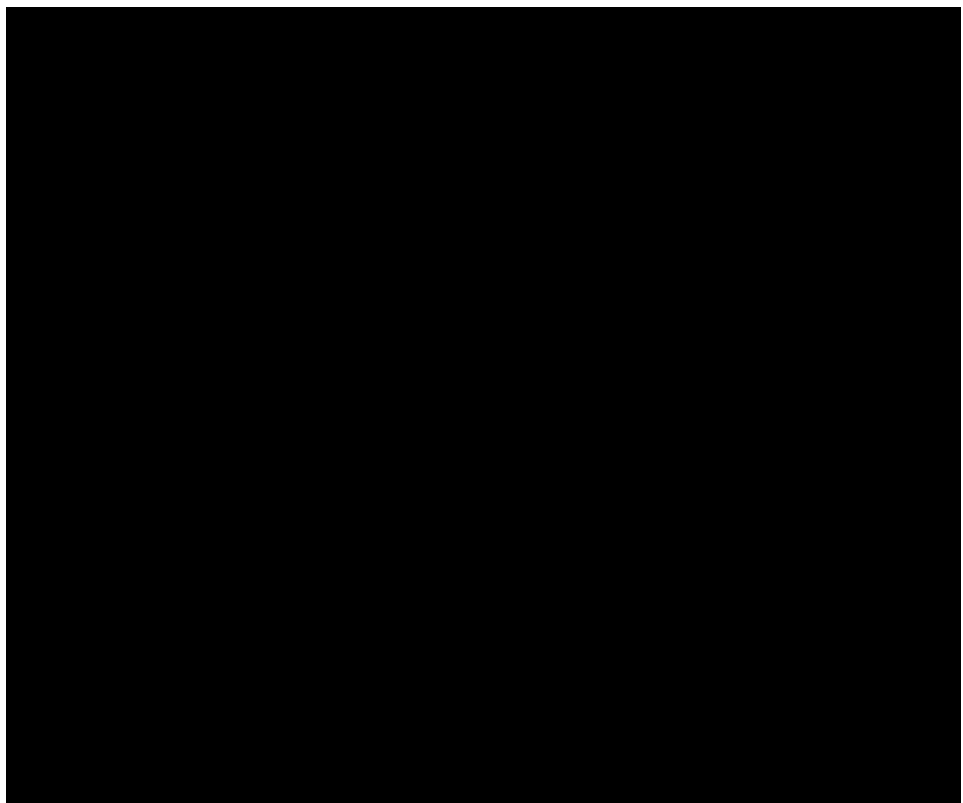
Construction Financial Risk

There is a risk that the construction costs increase due to inflation in labour or build costs, or unexpected cost increases during detailed design. This risk is mitigated by the fact that Phase 1 costs have already been through a tender process, and Phase 2 has been costed by a qualified quantity surveyor who has allowed by 10% contingency for design stage and build cost.

Operational Financial Risk

A six month closure period is anticipated during the construction phase, which will prevent MT from generating revenue income from events. MT has extensive experience in managing its financial position during periods of revenue loss, as necessitated by the pandemic-induced closures during 2020-21. The budget for the closure period is modelled on that experienced during the COVID-19 closures with a 10% allowance for cost inflation, which provides an evidence base.

Salaried staff will continue to be paid during this period and will be working towards a full reopening once the building is ready. By keeping staff in place the marketing, fundraising, bookings etc. will all continue, meaning MT will be prepared to reopen. MT has a successful track record post-lockdown reopening, with events attendance back to or in excess of 2019 levels.



In addition, a portion of the unrestricted funds retained could be used to cover any shortfall, as the purpose of retaining these funds is for this type of situation.

If you are intending to award a share of your LUF grant to a partner via a contract or sub-grant, please advise below

N/A

What legal / governance structure do you intend to put in place with any bid partners who have a financial interest in the project?

MT have a financial interest in the project. As set out in Section 6.3.1, the project will be overseen by a Project Board of senior managers from both the Council and the Theatre including the MHDC Deputy Chief Executive and MT Chief Executive. The project will have a dedicated Project Manager to manage the project through all its stages, together with a project team. The project board will also report to the Malvern Theatre board and Council Executive Committee at regular intervals during the life of the project.

MHDC will be the accountable body for the project.

Summarise your commercial structure, risk allocation and procurement strategy which sets out the rationale for the strategy selected and other options considered and discounted

Procurement Strategy

- The Council has in place Contract Procedure Rules which govern the Council's approach to procurement and comply with Public Sector procurement requirements.

- All procurement is conducted using the Proactis Procontract Portal, which provides a full audit trail for each procurement undertaken.

- Contract Procedure Rules ensure that any tender undertaken reflects the policies and guidance in the HM Treasury Sourcing and Consultancy Playbooks and the Construction Playbook – for example we will set clear and appropriate outcome based specifications with the support of industry specialist advisors which ensure innovative and efficient construction processes are followed.

- The nature of the project means that we will follow an FTS procedure.

- We will undertake a procurement process to appoint an experienced project manager who will assume support the tender process and delivery of the project in accordance with the Council's Contract Procedure Rules, the HM Treasury Sourcing and Consultancy Playbooks and the Construction Playbook and FTS requirements.

Part of the tender process will involve due diligence and a review of the financial sustainability of potential bidders.

By adopting the policies in this Playbook, we will:

- Set clear and appropriate outcome based specifications that are designed with the input of industry to ensure we drive continuous improvement and innovation.

- Standardise designs, components and interfaces as much as is possible.

- Drive innovation and Modern Methods of Construction, through standardisation and aggregation of demand, increased client capability and setting clear requirements of suppliers.

- Create sustainable, win-win contracting arrangements that incentivise better outcomes, improve risk management and promote the general financial health of the sector.

- Strengthen financial assessment of suppliers and prepare for the rare occasions when things go wrong, with the introduction of resolution planning information requirements into critical contracts.

Social Value and Environmental Requirements

- In line with the National Procurement Policy PPN our requirements will be assessed on each procurement and any requirements will be included and scored within the quality element of the tender evaluation. We have some template social value questions which are currently being used with the Council.

- Where appropriate we request copies of bidder policies in respect of social value and environmental issues (e.g. carbon reduction plan).

Who will lead on the procurement and contractor management on this bid and explain what expertise and skills do they have in managing procurements and contracts of this nature?

The Council has in place Contract Procedure rules which govern the Council's approach to procurement and comply with Public Sector procurement requirements.

We use standard template ITT and RFQs with full declarations including FOI and GDPR requirements.

Use of the Proactis Procontract Portal provides a full audit trail of activity for each procurement undertaken.

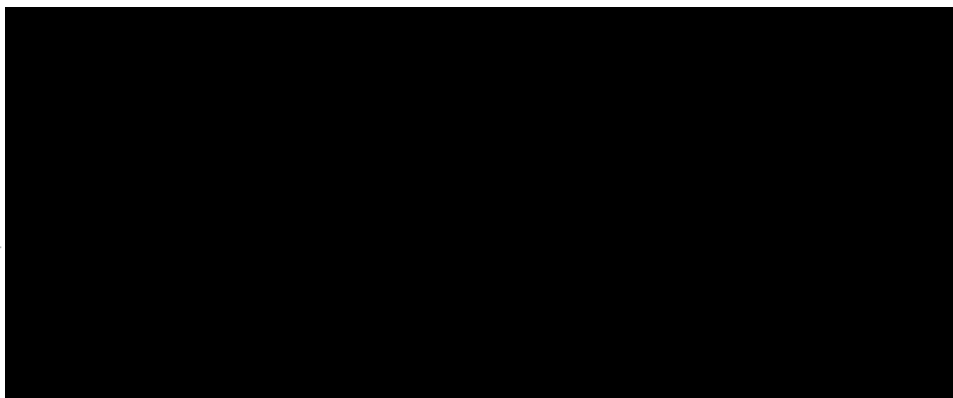
We undertake due diligence for potential successful bidders including assessing insurance levels, taking references and reviewing other projects completed, reviewing key policies and statements, reviewing industry certificates and an assessment of financial position.

Are you intending to outsource or sub-contract any other work on this bid to third parties?

MHDC will remain procurement lead even when aspects of project management are outsourced. MHDC will manage suppliers to ensure that contracts deliver MHDC's desired outcomes and expected quality, as set out elsewhere in this bid.

The Project Board will review resourcing requirements.

MHDC intends to procure a project management consultant via the standard procurement process to support with procurement, design co-ordination, contract coordination, quantity surveying services and a principal designer as required by the CDM Regulations.





How will you engage with key suppliers to effectively manage their contracts so that they deliver your desired outcomes

As part of the procurement process an understanding of the use of sub-contractors will be required (including full details if the sub-contractors are already known; selection process; insurance arrangements).

MHDC has minimum insurance liability limits contractors have to comply with.

The project will be managed by a Director and Senior Responsible Officer (SRO), with the Project Board overseeing the contracts and progress of each supplier.

A Project Manager and technical lead will meet with the suppliers regularly and monitor progress and quality with regular inspections. A detailed risk register maintained throughout the project with regular updates to Project Board and contractor performance will be assessed based on KPIs agreed with the contractor.

Any risks or potential issues are fed into the Project Board. For more serious risks that cannot be mitigated by the Project Board, they may escalate their concerns upwards to Executive Committee where serious issues are discussed and mitigating actions confirmed to get the project back on track.

A monthly highlight report will be produced for each project detailing any issues and risks to the suppliers work, quality and contract delivery. An agreed project plan is used with Suppliers to ensure timelines are adhered to; the Project plan is used by the Project Board as a reference for delivery.

Supplier payment schedules to be agreed at contract award together with process for payments to be made including submission of valuation certificates. There is a robust process in place for agreeing budget and contract variations.

As described elsewhere in this bid, there is experienced project and programme management resource in place.

Set out how you plan to deliver the bid

The project will be overseen by a Project Board of senior managers from both the Council and the Theatre including the MHDC Deputy Chief Executive and MT Chief Executive. The project will have a dedicated Project Manager to manage the project through all its stages, together with a project team. The project board will also report to the Malvern Theatre board and Council Executive Committee at regular intervals during the life of the project.

Project Board

MT Chief Executive - Nic Lloyd

MT Chairperson – Tamar Thompson

MT Financial Director – Zoe Jones

MHDC Deputy Chief Executive & S151 – Andy Baldwin

MHDC Head of Property Services – Sandra Hudson

MHDC Portfolio Holder for Resources – Peter Whatley

Project Manager – To be recruited

Project Team

Project Manager – see above

MHDC Building Surveyor – Jason Yarwood

MT Property Manager – Matt Cox

MHDC Health & Safety Manager – Phil Bowles

MHDC Procurement Manager – Caroline Smith

MHDC Head of Finance – Rebecca Floyd

The Project board will keep the MT main board and Council Executive Committee updated at regular intervals on project progress.

Biographies

Andy Baldwin CPFA Deputy Chief Executive & Section 151 Officer

MHDC's statutory S151 officer for 14 years. Responsible for wide range of services including financial strategy and property services, also lead on relationship management with Malvern Theatres Trust.

Sandra Hudson MRICS Head of Property Services

Managing the Property Services Team has overseen all of the Council's capital projects undertaken over the last 7 years including the refurbishment of the Grade II* listed Council House, construction of a 3G pitch at Malvern Town Football Club, provision of a new play area in Priory Park and the Splash refurbishment project. Involvement includes decision making and providing advice to the team, liaising with funding bodies, working with consultants on design and dispute negotiation/resolution.

Jason Yarwood MRICS Building Surveyor

Recent Projects

- Droitwich Leisure Centre wet side refurbishment - £300,000 - Designed, specified, value engineered and project managed

- Droitwich Football Pavilion extension and refurbishment - £1,500,000 - Designed, specified and project manager

Oversees Health and Safety on all Council projects. On capital projects he evaluates the health and safety element of the PPQ, assesses risk assessments and method statements and undertakes regular on-site inspections.

Operational Management and Realisation of Benefits

The activities proposed for the new facility are an expansion of existing MT activities. The current team have the knowledge and expertise already in place.

The MT will collaborate closely with MHDC on the delivery and coordination of community activities over the initial stages of operation. It is hoped the Shared Prosperity Fund will help provide funding to assist with delivering the enhanced outcomes and developing audiences and participants for the new facilities.

MT Chief Executive

Chief Executive, Nic Lloyd. Responsible for programming. Will create and program events for performance spaces in new facility, including the additional events in the Forum theatre, and the outdoor theatre.

MT Finance Director

Finance Director, Zoe Jones. Responsible for Finance operations for Malvern Theatres Trust Ltd.

MT Technical Director

Technical Director, Matthew Cox. Responsible for technical operation of new facilities and building management and maintenance.

MT Head of Development

Head of Development, Emma Maggs. Responsible for Fundraising and development. Responsible for expanding this to new facility.

MT Marketing and Sales Director

Marketing and Sales Director, Fred Moroni. Fred has over 25 years' experience in theatre sales and marketing. He has been Director of Marketing and Sales at Malvern Theatres since 2007 and is responsible for overall marketing strategy and planning as well as the theatre's box office operation. Fred is expected to take a leading role in promoting the new extension to the building, including overall branding and day-to-day promotion of events as well as ticketing as required. Responsible for Marketing and Sales for new facility including box office.

MT Head of Engagement and Creative Learning

Head of Engagement and Creative Learning, Bridget Lloyd. To be responsible for all education and related audience development work connected to Malvern Theatres. This demands a multiplicity of skills, with both training and experience within the professional theatre, teaching, and community engagement. The ability to provide supervision of the department and to mentor young people.

Assisting with the promotion of the events and workshops that fall within the Take Part programme. To nurture the MTYC and an Advanced Training Ground for young people.

To ensure that the Take Part programme reaches participation across the generations, through a cross section of the community. To collaborate with schools, colleges, local educational authorities, arts organisations and community groups. To work year round to develop and maintain relationships and partnerships with these contacts. In consultation with the Chief Executive and other members of the team, create and expand the creative learning programme. Devising education projects for the company, and marketing

strategies.

MT Education Assistant (new role)

A new role will be created to assist with the programming of workshops and education events within the new facility.

MT Theatre Administrator

Theatre Administrator, Lucy Fern. Currently responsible for arranging hire of Malvern Theatres facilities and meeting rooms. Role will be expanded to include hire of new facility.

MT New Facility Project Manager and Event Co-ordinator (new role)

A new role will be created to co-ordinate events within the new facility, including hires, education and community events and programming. The new post will report directly to the Chief Executive, and will work closely with the Head of Engagement and Creative Learning, and the Theatre administrator.

MT Catering Manager

MT operates catering facilities in partnership with Venue Catering. The catering manager, Mark Firth is responsible for managing catering operations within MT, including the restaurant, café and bars. This will be expanded to include the additional catering operations in the new facility.

Additional new roles within new facility:

Additional box office, catering, cleaning and technical staff will also be employed in the new facility.

Demonstrate that some bid activity can be delivered in 2022-23

We can confirm that there will be some bid activity delivered in the 2022-2023 period.

Risk Management: Set out your detailed risk assessment

The non-financial risks are:

1) Pandemic

There is a risk that either the pandemic returns or a new one arises that jeopardises the delivery and or timetable of the project. Whether this be through closure of the supply chain or other lockdown measures.

2) Change of Key Staff

The project is reliant upon key staff in the identified key roles, any departure from these roles may lead to uncertainty or a requirement for alternative arrangements. This risk is mitigated through the clear governance and project management arrangements which are in place, including the Project Board which will have overall responsibility.

3) Change of main contractor

Once the main contractor is appointed, they will become the pivotal partner to the successful delivery of the project. Any issues with the contractor would potentially add delays and cost to the overall project. MHDC will mitigate this risk through its Project Board arrangement, which will be responsible for overall governance and change control. The Project Board and Council Executive Committee will meet at regular intervals during the life of the project. Regular project monitoring to identify any likelihood of change at an early stage.

4) Planning Permission

Stage 1 of the project is shovel ready with planning permission in place. Planning permission is timetabled for the other stages but as with any building project there are risks of delay inbuilt within the planning process. MHDC and MT have engaged extensively in pre-application discussions with the Local Planning Authority and design has been informed by matters arising from the determination of the Phase 1 full planning permission.

5) Benefits Realisation

There is a risk that the number of additional visitors is lower than anticipated and therefore the benefits outlined in Section 5 are lower than expected. This will be mitigated by a proactive marketing and event programming, led by Malvern Theatres; MT has a proven track record of rapid restart of theatre programme following the prolonged closure during the two pandemic-induced lockdowns.

There is a risk that the level of new audience / community-focussed programme participants is lower than expected, and therefore the benefits in terms of education/skills/social/cultural capital do not materialise to the degree forecast.

This will be mitigated by Malvern Theatres' investment in new roles including an Education Assistant who will support the Head of Engagement and Creative Learning to assist with programming of workshops and education events, providing sufficient resource to engage proactively with target groups to maximise participation in events.

MHDC will provide additional resource through the Community Arts Champion role as part of its proposed UK Shared Prosperity Fund programme.

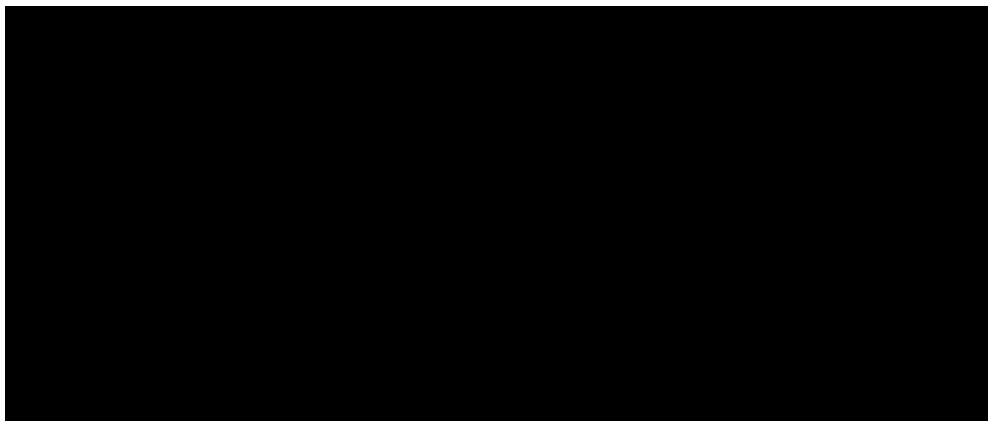
Risk Mitigation

The fact that all of the assets are already in the Council's control and all of the match funding is in place also de-risks the project. MHDC has experience of tendering and managing large scale construction projects during the pandemic.

Provide details of your core project team and provide evidence of their track record and experience of delivering schemes of this nature

Malvern Theatres and MHDC combined have the capacity, skills and experience to manage and deliver the project. In 1997 Malvern Theatres planned, fundraised for and successfully delivered a £5.2 million lottery funded refurbishment, which involved closing the building for 12 months whilst extensive improvements and alterations were made. Chief Executive, Nic Lloyd, and much of the current senior management team were responsible for overseeing this project, which was completed on time and within budget.

MHDC has a multimillion pound annual capital programme and are used to planning and delivering major build or refurbishment projects across a varied range of assets. These have included not only the Theatre but also swimming pools, leisure centres, vehicle depots and office accommodation. This included a major refurbishment of our leisure centre and swimming pool in the middle of the pandemic and throughout lockdown with all of the associated issues that this engendered.



Set out what governance procedures will be put in place to manage the grant and project

Expenditure on this project will be managed within MHDC's Financial Rules of the District Council.

The Council's financial rules cover approval levels/separation of duties and all other appropriate controls such as authorisation limits etc.

MHDC has an anti-fraud and corruption policy, a whistleblowing policy and an officer code of conduct.

The financial controls and the financial system of the MHDC are audited annually by both external and internal audit.

Once the project is agreed the budget including Levelling Up Funding and match funded elements will be allocated on the Council's Financial System and any commitments and expenditure managed through that system.

Expenditure will be controlled as laid out in the Council's financial rules. The project board will be the budget holder and make decision on allocation of the budget and any variations that are required. Expenditure authorisation will be via the Deputy Chief Executive (S151 Officer) or Head of Finance/Performance & Strategy (Deputy S151 officer) only.

Any requests for additional funding, if this becomes appropriate will be made to either the Council's Executive Committee or the Malvern Theatre Trust (MTT) Board.

Regular financial reporting will be made to the project board and at least quarterly to the MHDC's Executive Committee and the MTT Board.

The Council will also report on whatever other frameworks are required under the grant conditions. The Council is used to doing this for other grants it receives, for example the large number of business and other grants we received and distributed successfully during Covid.

If applicable, explain how you will cover the operational costs for the day-to-day management of the new asset / facility once it is complete to ensure project benefits are realised

MT has forecast the income and expenditure associated with the project. This forecast is conservative and based on the opening year of development,

demonstrating a net surplus of circa. £41,000. Future years of operation will aim to exceed this. MT has a strong track record in operating self-sufficiently; less than 1% of its operating budget comprises grant funding support, which is significantly less than other comparable theatre venues.

This is based on an expansion of existing activities, underpinned by MT's understanding of the expected income and costs for these activities. In order to ensure that the new facilities operate at an optimal level once operational, MT will undertake the following activities:

- Plan an events programme for each of the spaces for their first year of operation well in advance of opening, building a schedule of events and shows for this space so that MT can commence ticket sales as soon as feasible to generate income and secure audience.
- In the interim period up to operation, MT is liaising with schools and other current user groups to plan for education and community activities to continue in spaces outside of MT during closure. This will enable MT to retain and continue to build audience in advance of operation.
- MT is working with MHDC to include scope within MHDC's Shared Prosperity Fund Investment Plan, which will provide additional revenue support to maximise outreach activities (both cultural entertainment events as well as training and skills) in advance of the expanded facilities opening.

**Upload further information
(optional)**

Set out proportionate plans for monitoring and evaluation

Objectives

The Theatre and Council will monitor the impact that the extensions have on both the theatre, town and wider economy by measuring:

- Theatre attendances and Theatre turnover;
- The increased visitor numbers overall, including national and international visitors;
- The increased number of overnight stays in local hotel accommodation;
- The increased number of jobs created, both within the Theatre and the wider economy;
- Increased attendance at the Theatre by younger people and people from disadvantaged backgrounds;
- Whether the bid as a whole improves the vitality and viability of Malvern town centre;
- Whether the bid has improved the external perception of Malvern Hills as a place to live, visit and invest in.

M&E Approach

MT will be responsible for the monitoring of direct outputs and outcomes associated with the day-to-day operations of the facility, as the Theatres' operator.

MT already collects a range of customer data which provides a baseline in terms of the current number of community programme users and audience numbers, including postcode data on visitor origin.

As an existing charity, MT already has baseline information in relation to the

number and function of job roles. Income arising from its existing hospitality, events and theatre operations is also collected and audited for reporting purposes.

These will provide a baseline from which the success of the project can be ascertained.

MT therefore will be able to track performance against the baseline for the following outcomes and impacts:

- Change in number of visitors to Theatres' events and participants in community programme, including whether these visitors previously attended/participated;
- Change in the audience catchment of the Theatre, based on postcode information to understand geographic spread;
- Change in consumer spending on direct ticket/events sales and hospitality spending;
- Change in number of events based on MT programme.

In terms of wider regeneration impacts, MHDC's economic development team currently regularly measures the levels of overnight stays as well as the perception and health of the local economy.

As baseline information, the 2019/20 Visitor Economy Action Plan information will be able to be compared to subsequent outcomes arising from the project outputs. Measures include:

- Day trip volume;
- Day trip value;
- Number of overnight trips;
- Number of overnight stays;
- Number of UK and overseas visitors;
- Whether visits and spend are countryside-based (i.e. unlikely to be related to MT activities) or to urban areas (more likely to be related to MT and associated town centre activities); and,
- Indirect employment supported by visitors

The economic development team also supports new businesses in the town and regularly meets with the representatives of the traders, we will use these contacts to assess the economic impact as well as doing bespoke surveys.

MHDC also monitors the footfall of Great Malvern town centre and will be able to capture baseline information to enable comparison with post-operational success.

The Council also surveys over 1,000 residents annually on a wide range of issues including questions on perception of local area and also satisfaction with local services, including the theatre. MHDC will use these surveys and other bespoke snapshot surveys to assess public perception of the changes. This qualitative insight will be valuable to understand the change of perception of Great Malvern and the District's cultural / visitor economy offer.

Resourcing and Governance Arrangements

All resources are already in place to carry out the M&E anticipated within the bid. Both organisations have the flexibility and capability to increase or change the focus of the monitoring and evaluation if required within current resources.

The Theatre board receives monthly performance and finance reports as do the Council's Senior Management Team. MHDC would also report to the Council's Executive Committee on the key outcomes of the project as part of the Quarterly Performance Reports they receive.

Senior Responsible Owner Declaration

Upload pro forma 7 - Senior
Responsible Owner
Declaration

Chief Finance Officer Declaration

Upload pro forma 8 - Chief
Finance Officer Declaration

Publishing

URL of website where this bid
will be published <https://www.malvern hills.gov.uk/>
