



Template for additional funding ask for Local Growth Fund (LGF) projects

1. Project title

Mercury Rising

2. Federated Board

Essex

3. Project description

The Mercury Theatre (founded in 1936) has been a professional full producing theatre on its current town centre site since 1972, with two auditoria attracting over 130,000 visitors annually. It serves the communities of Colchester, Essex and the wider LEP region and is known nationally for touring critically acclaimed productions.

Mercury Rising is an £11 million partnership capital project with Colchester Borough Council. The building and land is owned by the authority in trust for educational and cultural purposes.

This is the first major investment in the building and organisation since it's opening. The building will become a world class hub for performing arts, arts education, participation, training and skills development. With two auditoria, three rehearsal/workshop space, meeting rooms and state of the art technical, production and workshop facilities, the Mercury will be a leader in the regional theatre ecology of the UK. The building will also serve as a community hub, providing safe spaces for multiple community groups, people of all faiths, ethnicities, race and backgrounds. With a new café and bar and separate hospitality areas, there will always be something available to the community.

The principal objectives of the scheme has been to:

- Create world class facilities for artists and audience alike improving the audience experience thereby increasing future capacity and attracting more visitors
- Provide a new hub housing 15 new local creative businesses
- Improve rehearsal and production facilities to support high quality productions locally, regionally, and nationally
- Increase the contribution to the regional creative economy including skills development, business support for SME's in the sector and networking opportunities
- Improve access for disabled people and other marginised communities
- Improve the public realm
- Improve business sustainability
- Open up new routes for digital presentation and creation
- Create a safe and welcoming environment for Mercury staff and users
- Support the visitor economy and placemaking for Colchester and North Essex



The Mercury Rising Project meets the Growth Deal aims of creating jobs, providing 52.3 gross additional direct FTE jobs in the economy, while realising the core objective of providing a greater cultural experience in a redeveloped building to anchor the creative economy in Essex and the SELEP economies. The project meets the objectives of our strategic plan for the Borough and will become a key asset for the town as we start to recover our local economy post Covid-19.

The employment benefit of these additional jobs will generate an estimated additional £1.39 million per annum by 2022.

The Mercury has an excellent reputation for a diverse programme that appeals to all audiences throughout the year and is complemented by extensive community, education, training and professional development activities. It is the only full-time professional producing theatre in Essex.

We are confident that in partnership with the Mercury this project can deliver significant one-off and future positive impacts and outputs for the local economy:

- £5,329 million Annual Economic Impact to the economy of Colchester, Essex and the South-East Region.
- £1,425,793 Annual Procurement
- £7,280 million Capital Procurement
- 44 new employment opportunities per annum (34 direct and 10 new hosted creative businesses)
- 1,838 people engaged in Employability Skills per annum

4. What was the value of the Benefit Cost Ratio included in the original Business Case approved by SELEP?

3.437 – revised ratio is now – 2.85

5. Summary of project benefits

The benefits of the project include:

- Increase visitor numbers to the town centre, borough and Essex
- Become a centre of excellence in the growing creative industries sector locally, regionally and nationally.
- Support our 'Rich Heritage, Ambitious Future' strategic plan, including the vital importance of the night time economy.
- Support SELEP and our commitment to the local and regional creative economy.
- Create a sustainable and fully accessible state of the art theatre that engages with the local



community from birth to older age through ongoing and increased community engagement projects and we feel is a model of best practise for community cohesion.

- Support the organisation to diversify income, thus becoming more financially stable and resilient in the future.

- Increase arts participation through increased capacity for schools and youth involvement.

- Provide a modern state of the art backdrop to continue professional level training, work experience and apprenticeships in all aspects of theatre and the creative industries

- House start up creative businesses and entrepreneurs at various stages of their career and increase local employment and skills

- Consolidate model partnerships with public, private and educational sector to provide quality learning and community engagement including the University of Essex and Colchester Institute

- Continue to build on the 'export' of skills and products across the UK and the world and foster inward investment from partners (production companies, film and digital sector, producers etc)

6. Existing LGF allocation

£1 million

7. LGF spent to date

£1 million

8. Additional LGF sought

£228,000

9. Why is additional LGF investment required?

As with most capital projects in 2020, COVID-19 has delayed and incurred extra significant costs for the project. Prior to the pandemic, the project was due to be completed at the end of August last year with the building open and a full programme of work happening by mid September. The project now faces additional costs. This is in addition to the Mercury suffering losses of at least £2.9 million in lost revenue from box office, bar and catering sales, merchandise and fundraising. In order to sustain themselves they have been forced to use reserves and seek other emergency funding.

The capital project is now due to be complete by the end of March 2021 at an additional cost of £2,334,125. The majority of this overspend has been met by Arts Council England but there remains a shortfall. These costs include:



- **Extension of Contractor Fees**
- **Extension of Design and Consultant Team Fees**
- **Loss of fundraising income (Trusts and Foundations have diverted their giving to support frontline Covid emergency services and a severe reduction in individual giving)**
- **Increased cost of materials and storage**
- **Additional spending needed to provide a COVID secure environment for staff, visitors and audiences**
- **Additional very recent unforeseen Fire Safety conditions emerging nationally from our Building Control Team as a result of the Grenfell disaster**
- **Health and Safety advice and staff training**

We have reviewed the project and undertaken a further VE process in order to meet these costs. The only way for us to achieve the budget and meet these additional costs, has been for us to remove specific items of equipment, use our contingency and seek other emergency funding.

The additional LGF investment would allow the project to reinstate these items of equipment, including:

- **Purchase of new electric/hybrid vans for the theatre – one smaller electric and one larger PHEV model – to support their production, technical and touring teams.**
- **Technical equipment to support their own productions and external touring shows (using LEDbulbs and moving lights to rig and de-rig).**
- **Investment in upgraded digital equipment (cameras, editing software etc) to future proof their work and increase the digital distribution of their work to excluded communities.**
- **Upgrade IT equipment and servers.**

Should we be able to purchase the above the Mercury would be able to:

- **Save money on future equipment hire costs.**
- **Save staff time in the preparation of shows and events.**
- **Increase digital distribution to excluded communities and offer a possible new income stream.**
- **Be a more attractive venue for hirers for conferences and events.**
- **Increase the amount of training and apprenticeship opportunities and access to**



professional standard equipment for young people and new and emerging local creative businesses.

- Ensure high standards of access for disabled audience members and users (in person or through digital connections).
- Reduce their carbon footprint

Together with the Mercury we have already spent £650,000 on investing in the technical infrastructure to the building. The above equipment would mean that they were using the facilities to its full potential and capacity. This will lead to them being able to sustain quality artistic productions, events and learning opportunities.

This equipment will be procured by ourselves using our inhouse procurement team and through our 40 year peppercorn lease, the assets will transfer to the Mercury for their use.

10. Can the project proceed without the additional LGF allocation?

Yes, the project can proceed and complete the main construction work, however as mentioned above, key items of equipment cannot now to be purchased.

The project risks not being able to achieve all of its objectives. In essence together with the Mercury we will have a world-class building in our borough but being operated by their old equipment or they will be forced to hire in equipment therefore increasing and not decreasing their running costs. They also run a high risk of equipment failure during shows and events and audiences not returning due to a poor customer experience.

11. What are the main project risks impacting the ability of the project to proceed?

There remains a risk of increased costs and lost income from ongoing COVID-19 restrictions.

However, the Mercury were recently successful in securing £250,000 emergency funding from the Government's Cultural Recovery Fund to meet their salaries and reduced running costs to the end of this financial year (March 2021). A further submission is being made to support salary and overhead costs for the first quarter of next year. This ensures that they have the staff in place in order to manage any risks. Compared to other national and regional venues across the UK to date they are almost unique in that they have not had to make any redundancies.

In addition to the revenue support from the Government's Cultural Recovery Fund, together with the Mercury we were able to secure an award of £864,089 towards the increased capital costs.

Whilst this was most welcome and timely to ensure that the project was able to stabilise and continue on site in the middle of the pandemic, it was £113,911 less than requested. It should be noted that there was massive demand on this UK-wide competitive



fund and not all requests were met (due to allocations per region, artform and sector). This has placed additional financial pressures on the project hence the reason for this submission to support our completion.

The current risk to the project has been the impact of the latest UK lockdown. However, we have worked with our contractors to ensure that work can continue on site in a safe manner at a reduced level. Along with additional fire prevention work, this has added a further two months to practical completion at the end of March. The latest lockdown does not impact on the purchase and delivery of the equipment requested within this submission.

Our management team and Joint Working Group with the Mercury and Colchester Borough Homes continue to monitor all risks through a costed risk register, regular joint management meetings and meetings on site with our contractor and sub-contractors.

12. Have the project benefits changed since the original Business Case was approved by the Accountability Board?

If yes, please state the nature of these changes and the likely impact on the value for money case.

No

13. How can the project support the economic recovery?

As with all businesses and charities in the Borough, the Mercury have had to adapt the way they work and COVID-19 has allowed them to look at how they engage with a wider audience outside of just the theatre building. Digitally, they have reached audiences across the UK and even the world and are continuing to look at long term investment in this platform so they can be a leader in the field of digital performance, arts participation, training and business support. For example the screening of their panto over Christmas during lockdown gained audiences of more than 280,000 (a record) and was made available at a reduced rate for schools and for free to all Essex care homes, hospitals and residential centres. Alongside shows and performances they have continued to support local creatives businesses through online masterclasses, mentoring and networking.

The physical presence of a new Mercury Theatre building in our town centre will be a beacon of hope. When they reopen it will signal a chance for us both to re-engage with our communities and for them to contribute to our economic recovery. As for all similar towns and cities, we have seen a significant drop in town centre footfall as people move online to shop. Together with the Mercury and our other cultural assets such as the Castle, Firstsite, Castle Park and Colchester Arts Centre we want to support the recovery of our town by providing engaging content and safe indoor and outdoor spaces for events, learning and entertainment. In partnership with our strong retail offer, these assets are vital for us to encourage people to make the journey into town, enhance our tourism and visitor economy and provide them with a valued, safe experience (be they residents or visitors).

As mentioned in our original Business Case, the Mercury is one of Colchester town centre's



largest employers and their Economic Impact Report showed that their audiences were accountable for over £3 million of additional spending within the town centre and the borough annually.

Colchester Borough Council are proud to work in close partnership with other public, private and not for profit organisations within the town, County and the region and together be able to facilitate a speedy economic recovery. Our partners for this project include:

- Essex County Council
- Visit Essex (the Mercury's CEO sits on their Board)
- One Colchester (the Mercury's CEO sits on their Board)
- Colchester Business Improvement District
- Essex University (the Mercury and ourselves work in close partnership)
- Colchester Institute
- Creative and Cultural Skills (Sector Skills Council for the arts and creative industries)
- Community 360
- National Health Service

As one of our valued assets, the Mercury is a registered charity and an organisation with roots and high profile in the town and the county for more than 80 years. We know that they feel a deep sense of responsibility to work with us to ensure the health and well-being of our residents and actively contribute to our collective future success.

14. If additional funding is awarded to the project, are there any remaining barriers to project delivery (for example: outstanding planning approvals, other Governance requirements, other funding sources awaiting confirmation)?

Because of the project being 90% complete and with just two months to go, there are no further barriers to completion beyond those usually associated to a capital project at this stage. We are confident we have a project team with the management experience to deal with any day to day issues as they arise.

Original funding breakdown (as per the original Business Case) (£m)

Funding source	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024 onwards	Total
SELEP				1.0							1.0
Colchester Borough Council				0.5	0.5						1.0
Essex County Council			0.5	0.5							1.0
Arts Council England		0.479		2.0	1.521						4
Mercury Fundraising (Individuals, Trusts and Foundations, Sponsors)			0.047	0.150	1.792						1.989
Total		0.479	0.547	4.150	3.813						8.989

Revised funding breakdown (£m)

Funding source	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
SELEP					1.0	0.228			1.228
Colchester Borough Council				1.195					1.195
Essex County Council					1.0				1.0
Arts Council England			0.479			3.169	0.352		4.0
Mercury Fundraising (Individuals, Trusts and Foundations, Sponsors)			0.048	0.078	0.478	0.541	0.122		1.268
Sport England						0.040			0.040
NESTA						0.400			0.400

Town Deal						0.350			£0.350
Arts Council, Treasury Kick Start						0.864			0.864
ERDF						0.978			0.978
Total			0.527	1.273	2.478	6.570	0.474		11.323



Sign off of additional funding ask – required from lead County/Unitary Authority

Dear Colleague,

In submitting this project application for additional LGF, I confirm on behalf of *[Insert name of County or Unitary Authority]* that:

- The information presented in this application is accurate.
- The application states all substantial project risks known at the time of submission.
- The delivery body has considered the public sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.
- The delivery body has access to the skills, expertise and resource to support the delivery of the project.
- Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting.
- The project will be delivered under the conditions in the signed LGF Service Level Agreement with the SELEP Accountable Body and SELEP Ltd.

I note that the information presented in this application will be presented in the public domain as part of the Strategic Board's prioritisation of projects. Any information presented in this application which is considered commercially sensitive and confidential, has been highlighted as such within this application.

Yours Faithfully,

S151 Officer

Name

Signature

Date

Senior Responsible Officer

Name

Signature

Date