

<b>Refurbishment of Pavilion Theatre, Cromer Pier.</b>	
<b>Executive Summary</b>	The Pavilion Theatre auditorium has not been refurbished alongside the front and back of house. This project will improve the energy efficiency, patron comfort and provide superior facilities to ensure viability into the future unitary council control.
<b>Options considered</b>	<p><b>Option 1</b> The <b>recommended</b> option includes insulating the roof, walls and floor of the auditorium, providing heating and cooling and completing the front of house upgrades that were previously descoped.</p> <p><b>Option 2</b> The front of house works could be excluded, but this would make less commercial sense when the theatre will be closed for the auditorium works. <b>Not recommended</b></p> <p><b>Option 3</b> Thirdly, no changes made to the auditorium. This would reduce thermal and noise efficiency in the winter and reduce audiences in the height of summer. Commercial opportunities might not be maximised. <b>Not recommended</b></p>
<b>Consultation(s)</b>	Local ward member, Cllr Tim Adams - Leader and Cllr Lucy Shires - Portfolio Holder for Finance, Estates & Property Services
<b>Recommendations</b>	<p><b>Recommendation 1</b> Full Council is recommended to increase the capital programme by £2.400m, funded by borrowing.</p> <p><b>Recommendation 2</b> That delegated authority is granted to the Assets and Property Programme Manager, in consultation with the Portfolio Holder for Finance, Estates and Property Services and the s151 Officer, to award a contract for the delivery of the works up to the approved budget.</p>
<b>Reasons for recommendations</b>	To ensure the viability and efficiency of the Pavilion Theatre, Cromer Pier for the benefit of residents and the tourism economy.
<b>Background papers</b>	<a href="#">Exempt appendix A cost estimate</a>

<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr Lucy Shires
<b>Contact Officer</b>	Dan King, Assistant Director Finance & Assets Daniel.King@North-Norfolk.gov.uk

**Links to key documents:**

Corporate Plan:	Investing in our local economy and infrastructure A strong, responsible & accountable council
Medium Term Financial Strategy (MTFS)	The works are proposed to be funded through borrowing. This internal borrowing will be repaid through a minimum revenue provision over the useful life of the works. This will be incorporated in the MTFS update.
Council Policies & Strategies	None

<b>Corporate Governance:</b>	
Is this a key decision	Yes
Has the public interest test been applied	<p>Yes – Appendix A</p> <p>Information relating to Appendix A and Appendix B involves the likely disclosure of exempt information as defined in paragraph 3, Part 1 of schedule 12A (as amended) to the Local Government Act 1972.</p> <p>This paragraph relates to:</p> <p>Para 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> <p>The public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:</p> <p>The information is commercially sensitive, relating to itemised pricing and lease negotiations. Releasing this information would be likely to prejudice the Council in obtaining best value, in the interests of Council Tax payers, and would reveal commercially sensitive pricing information of a third party.</p>
Details of any previous decision(s) on this matter	N/A

## 1. Purpose of the report

1.1. The purpose of this report is to outline the opportunity to refurbish the auditorium of the Pavilion Theatre, Cromer Pier and to seek approval for an in-year addition of £2.400m to the 2026/27 capital programme. The report also seeks delegated authority to award a contract to enable timely delivery of these works.

## 2. Introduction & Background

2.1. Arts and culture are integral to the North Norfolk tourism offer. Theatres, grassroots music venues, galleries and arts organisations share stories and share them with audiences on both a local and international scale. They also

support local growth and regeneration, fostering vibrant communities, and provide a training ground for future creatives.

2.2. **Strategic case.** The proposal aligns to both; investing in our local economy and infrastructure by upgrading a key tourism assets; and a strong, responsible & accountable council by ensuring funding can be secured through borrowing if grants are unavailable and leveraging a contribution for the operator. The desired outcomes;

- preserve cultural and tourism assets in preparation for the successor authority
- improved value for money through decreasing the amount of expenditure on maintenance and repair of cultural assets
- reduced loss of high-quality cultural work from creative and cultural organisations as a result of asset failure or degradation
- cultural organisations develop more sustainable financial and business models, adapting to the changing environment and needs of the communities with whom they work
- improved energy efficiency and environmental performance of cultural buildings and equipment.

2.3. **Economic case.** The successful summer and winter shows as well as additional events throughout the year demonstrates consumer and performer demand. This demand can be increased by improving the thermal performance and keeping the theatrical offer appealing by using new production technology. Moreover, the option to enhance customer experience and conditions may drive both sales and profit share higher.

2.4. **Commercial Case.** Over decades of ownership and continuous maintenance we have established a reliable supply chain who understand the unique challenges of a listed building in a marine environment. The Council is responding to the latest condition survey to the structure and has developed a works program over the coming years to address issues raised. The Pavilion Theatre front and back of house areas have been recently refurbished. The auditorium is the last element of the building to be brought up to the same standard.

2.5. **Financial Case.** Current insulation to the barrel roofs, walls and floor is very limited. Improving the insulation will reduce future energy costs, albeit the additional cooling will increase energy consumption in the height of summer. Should the refurbishment be approved the operator has agreed to contribute towards the audio and lighting equipment, see exempt appendix A.

Officers have unsuccessfully applied for government grant funding but will continue to pursue this as grant programs are opened and will continue to lobby external stakeholders. In case grant funding is not obtained officers recommend that Cabinet and subsequently Full Council approve funding through external borrowing. Using reserves was considered but not recommended since there remains considerable and undetermined commitment to deliver Local Government Reform and new service burdens during the remaining life of the Council.

2.6. **Management Case.** The auditorium refurbishment program would maximise the scheduled winter close starting late January 2027 and lasting around three

months. Officers have explored and would consider appointing external project management resource to deliver the program within tight deadlines agreed in partnership with the operator.

### 3. Proposals and Options

#### 3.1. **Option 1** Refurbish the auditorium and remaining areas of the front of house. Recommended

- 3.1.1. The Pavilion Theatre can be divided into three sections;
  - Front of House, where patrons enter the building, the vending areas for drinks and light refreshments and customer toilets.
  - Auditorium comprising 440 seats laid out as stalls, wings and balcony.
  - Back of House which includes the stage, dressing room, welfare facilities, prop storage, offices and services.
- 3.1.2. The Front of House was refurbished including serving areas and toilets. However, the original project was descoped so key elements were omitted including insulating the floor and preventing leaks from the roof mounted cupola. This proposal includes remedying these exclusions and provision for improvement to the bar's lighting, doors and windows as required.
- 3.1.3. The auditorium has limited insulation to the central flat roof, installed during earlier renovations. The barrel vaulted roofs to the sides and floor remain uninsulated. This has two effects on customer experience; first the temperature is hard to control in both winter and summer since there is only a thin layer of flooring laid over the pier decking. Second, heavy seas can make it hard to hear quiet passages of the performance. The roof domes include passive ventilation which is deployed in the summer but the auditorium still becomes unpleasantly hot at peak temperatures presenting additional risk to the audience and performers.

The proposal is to complete the insulation of the floor, walls and doors to the auditorium to improve thermal efficiency and reduce heating costs. To achieve this the seats will be removed to gain access to the floor. Accessing the floor allows for greater access to the pier substructure and so can speed up and/or reduce the cost on the concurrent structural works approved in the 2026/27 capital program.

Whilst the seats are offsite, they will be fully refurbished, allowing for repairs to the original cast iron frames and full re-upholstery. Level access for disabled patrons would also be retained.

The most significant element of the refurbishment is to replace the poor performing heating system with a new, more efficient, electrically powered system that both heats and cools the auditorium to address the customer experience problems. Ducting will be installed to channel the air handling to all three areas of the building so that front and back of house are equally comfortable.

Stripping out the auditorium will allow for electrical rewiring and replacement of the aged fire detection system further improving the safety of this public events space. The project includes full replacement of the

public audio system and upgrades in performance and efficiency of the stage and house lighting equipment.

- 3.1.4. The Back of House was recently refurbished and staff and performers have congratulated the Council on the high quality facilities. New dressing rooms, toilets and showers were provided as well as new office space, prop storage, offices and innovative stage lift steps. However, the lack of active cooling can make this busy and compact area hot in summer hence the enhanced air handling will greatly improve comfort.
- 3.1.5. It is anticipated that the improved heating and cooling system will improve summer ticket sales and reduce winter running costs. The refurbishment will also allow the theatre to explore more options to diversify the offer, drive sales and profit share for NNDC.
- 3.1.6. Currently there is a single price point for all seats with reductions for reduced visibility in parts of the wings and for the less comfortable upward looking seats to the front of the stalls.
- 3.1.7. Many entertainment venues offer enhanced as well as standard experiences and such innovation would allow the Pavilion Theatre to cater to all markets. Currently there is a single pricing strategy for all seating in the auditorium save for discounts for partially obstructed views at the wings and look up positions at the very front of the stalls. The offer range could be expanded to provide more experiential packages, whereby customer could improve their experience by buying upgrade packages. The seats in the flat section of the wings could be removed and stored offsite to allow for exclusive cabaret table installation, whilst retaining the disabled viewing area in front of stage left. Guests booking the tables could enjoy table service during the performance through QR codes as well as complementary refreshments for a premium package price. The balcony area could be a mid-priced package that includes a complementary drink on arrival and priority access to the auditorium before general admission to the performance. By retaining the wings' seating offsite, they can easily be replaced if the demand is not high enough.
- 3.1.8. Officers considered options around full removal of the level stalls seating to allow for greater versatility of open space or table layouts to attract conferences, weddings and other events. However, it was deemed that the cost and effort to remove, store offsite and replace the heavy seating on a regular basis would not be practical or cost effective.
- 3.1.9. The current disabled viewing area in the front right wing will be preserved.
- 3.1.10. By undertaking the auditorium works in 2027 as recommended on option 1, greater synergy will be realised with the substructure program already approved in the 2026/27 capital program. Removing the auditorium flooring will give greater access to the substructure, ensuring both programs are executed in a timely and efficient manner. Upgrading the fire and electrical systems at the same time will also mitigate duplicated redecoration costs.

- 3.2. **Option 2** Refurbish the auditorium but exclude the remaining areas of the front of house. Not recommended. Whilst this option addresses the immediate problem of the auditorium temperature control, the bar area would remain energy inefficient and leaks would persist. By not addressing these issues at the same time, procurement, project management, preliminaries and mobilisation costs would be increased by doing it separately and may interfere with subsequent theatrical schedules reducing income. This option would reduce the capital outlay by £0.118m.
- 3.3. **Option 3** Do not refurbish the auditorium. Not recommended as the lack of insulation makes the building less comfortable and less energy efficient. Currently the auditorium sits directly on the pier decking and only the central part of the roof has some insulation. The auditorium would remain cold in winter, unpleasantly hot in summer, even with natural ventilation, and the sound of waves would intrude. Tourism assets might not be a priority for the new unitary authority, whose focus will be on safe and legal service delivery, new processes for the other services, and much later non-critical service delivery. Additionally commercial opportunities to provide differentiated experiences to customers would be denied.

#### **4. Corporate Priorities**

- 4.1. Continued investment in the pier supports a number of corporate plan objectives, including “investing in our local economy and infrastructure” by preserving the key iconic structure of Cromer Pier.
- 4.2. The works also demonstrate “a strong, responsible & accountable council” - Cromer Pier is one of the Council’s most valuable heritage and economic assets. Proactively addressing the condition of the Pavilion Theatre demonstrates responsible asset management and avoids costlier reactive interventions in future years.

#### **5. Financial and Resource Implications**

- 5.1. The initial works requested total £2.400m. Based on the estimated useful life of the works, the resulting Minimum Revenue Provision (MRP) charge is expected to be approximately £0.048m per annum from 2028/29 onwards. Interest will be payable if any of the debt will need to be externalised. The full year impact of interest would be £0.156m per annum.
- 5.2. Additional resource to project manage the construction is included in the budget as is procurement fees and relevant professional fees. There is sufficient capacity to fulfil the client officer role and processes in place to provide additional assurance including the Major Projects Oversight Board.
- 5.3. The proposal prudently includes debt finance to fully fund the project. Meanwhile officers will continue to pursue grant funding opportunities whether in part or in full to mitigate the long term impact of the finance costs of borrowing comprising MRP and interest.
- 5.4. The operator has pledged to contribute to a proportion of the costs. Please refer to Exempt Appendix A where an itemised breakdown of the schedule of works has been provided.

### **Comments from the S151 Officer:**

The proposed increase in the capital program will increase borrowing if no grant financing is obtained. Undertaking the auditorium and front of house works together will incur less cost than completing the works separately as will alignment with the current substructure works program.

Completing the refurbishment of the Pavilion Theatre will improve conditions, commercial potential and energy efficiency of this primary tourism asset for years to come.

## **6. Legal Implications**

- 6.1. The Council has a duty of care to maintain assets in a safe condition. Safety works to the electrical and fire detection systems as well as improving the performance of the public areas works of this nature must comply with marine engineering, planning, construction, and health and safety legislation. Procurement will follow the requirements of the constitution alongside the Procurement Act 2023.
- 6.2. Officers are collaborating closely with the Cromer Pier operator to minimise disruption to the performance program and avoid any contractual disputes.

### **Comments from the Monitoring Officer**

*This is a discretionary asset, but is an asset with high value locally, to the visitor and local economy. The proposed refurbishment is intended to be funded from increased borrowing with repayments/benefit of improved asset, going beyond the life of this council.*

*Members need to consider the financial aspect and benefits of the works and be satisfied that this spend is best value, prudent and proportional use of council resources.*

## **7. Risks**

- 7.1. Construction costs continue to be affected by external inflationary pressures. To mitigate this, a contingency allowance of 10% has been included within the proposed budget.
- 7.2. Timely completion of the recommended upgrades enhances the customer experience and widens the commercial offer whilst providing some mitigation to energy cost inflation.
- 7.3. Cromer Pier is a valued landmark and its ongoing customer appeal important to residents, visitors, and the local economy. Ensuring that works proceed in a timely and well-managed way helps protect the Council's reputation and its duty of care.

7.4. Planning permission will be sought for changes to this listed structure. Officers will consult appropriately with LPA teams to ensure compliance and independent decision making.

7.5. Temporary operational impacts may occur during construction. However, these will be minimised through close coordination between the Council's Property Services team and the pier's operators, Openwide, with works planned to start in January 2027 when activity is at its lowest but will impact the first half of the summer season. This may in part be mitigated by identifying a temporary location to host performances and sustain the visitor economy.

## **8. Net Zero Target**

8.1. The construction works will increase the Council's carbon footprint during the time of the project. Low carbon materials, re-use of existing materials and use of local contractors could help to mitigate this.

8.2. The operation of this building contributes to our scope 3 emissions. The insulation and LED lighting elements should reduce energy demand and therefore the carbon footprint of the building on an annual basis once the project is complete.

8.3. The heating is already electric but early discussions indicate that an air to air heat pump could provide heating and cooling. Whilst this should provide a much more efficient form of heating and save energy and carbon, the cooling will be an additional running cost (financial and carbon) since the existing natural ventilation is insufficient during the hottest periods.

8.4. The options for renewables is limited. Some PV panels and turbines are designed to perform in marine environments and could be explored however the situation is far from ideal with any potential installations needing planning permission and to consider the listed status. Moreover, the orientation of the Pier may not lend itself to maximum PV generation.

8.5. In the absence of renewables the next best option would be for Openwide to purchase their electricity on a 100% renewable tariff. This will be explored in collaboration with the operator.

## **9. Equality, Diversity & Inclusion**

There are no Equality, Diversity & Inclusion impacts. The refurbishment program will ensure that disabled patron retain access to all facilities in the refurbished Pavilion Theatre.

## **10. Community Safety issues**

10.1. Appropriate safety measures, including controlled access zones, clear signage, temporary barriers, and compliance with construction and marine safety regulations, will be implemented to ensure the safety of visitors, contractors, and pier operators throughout the works. Controlled access will be maintained for the RNLI's offshore lifeboat crews. With these controls in place, community safety impacts are expected to be minimal.

## **Conclusion and Recommendations**

Completing the refurbishment of the Pavilion Theatre will enhance customer experience, increase commercial opportunities and improve the energy efficiency of the valued cultural and tourism asset for future generations. By aligning these works to the existing substructure repairs program economies of scale and reduced disruption to visitors can be realized. Therefore Option 1 full refurbishment of the auditorium and front of house areas is recommended as a fitting tribute to the Council's stewardship of this historic landmark.