

Project Explore (Corn Exchange): Feasibility Study

Exeter City Council

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In partnership with:

Hopkins Architects

Equals

Contents

1	Introduction	3
2	Review of Corn Exchange Refurbishment Proposals (2012)	4
3	An Alternative Proposal for Refurbishing the Corn Exchange	7
3.1	Background Work & Assumptions	7
3.2	Design Concept	7
3.3	Spatial Brief	9
3.4	Limitations of this Design Concept	10
4	Capital Cost & Programme	11
4.1	Cost base	11
4.2	Key Assumptions, Risks & Exclusions	11
4.3	Delivery Programme	14
4.4	Expenditure Profile	16
4.5	Additional Building Development	16
5	Operational Projections	18
5.1	Basis of Projections & Key Assumptions	18
5.2	Mature State Baseline Projections	18
6	Comparison with New 'City Centre' Venue Proposal	25
Appendices		
1	Detailed Programme	28

1 Introduction

Fourth Street, in partnership with Hopkins Architects and Equals Consulting, was commissioned by Exeter City Council (ECC) in March 2019 to undertake a feasibility study (Project Explore) of developing a new multi-purpose entertainment venue in Exeter city centre, focusing on the City Point development site. This work was concluded in August 2019 with the findings being considered at the ECC Executive meeting in January 2020.

Following to the conclusion of that work and the conclusions arising, Fourth Street undertook a further related study to consider the refurbishment of the Corn Exchange as an alternative to building a new city centre venue. This report summarises this work and covers:

- A review of the design-led study (undertaken by Harris McMillan) that was commissioned by ECC in 2012 to review options for refurbishing the Corn Exchange to increase its audience capacity from 500 to 750 (see Section 2);
- An alternative proposal for refurbishing the Corn Exchange, with the principal intervention being the lowering of the auditorium from first floor to ground floor (see Section 3);
- A capital cost model and programme delivery programme for implementing the alternative refurbishment proposal (see Section 4);
- Operational projections (see Section 5); and
- A comparison between the Corn Exchange refurbishment and new city centre venue options (see Section 6).

Project Explore: Feasibility Study

2 Review of Corn Exchange Refurbishment Proposals (2012)

A design-led study was commissioned by ECC in 2012 to review options for refurbishing the Corn Exchange to increase its audience capacity from 500 to 750.

Figure 1 and Figure 2 below present the revised floor plans and an artist impression of the external façade of the Corn Exchange for the preferred option that resulted from the Harris McMillan study.

Figure 1. Extract from Harris McMillan study titled 'Option 4'

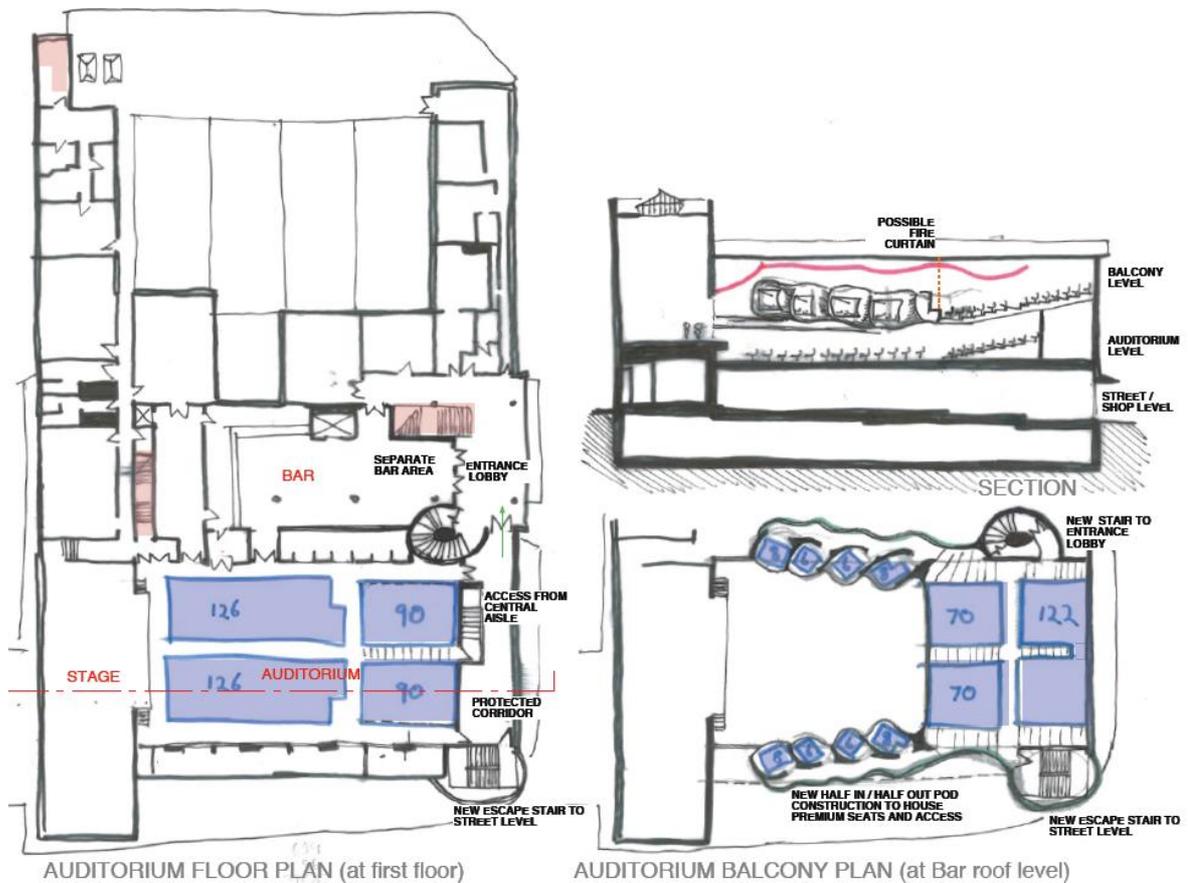


Figure 2. Extract from Harris McMillan, Artist Impression



Fourth Street and Hopkins Architects have reviewed these 2012 proposals from both design and operational perspectives and have identified a significant number of issues.

Overall, the proposals seem to respond to the single objective of increasing capacity to 750, while neglecting many existing problems of the Corn Exchange and in some cases, compounding them. The main issues include:

- A failure to improve production load in;
- Separated 'means of escapes' reduces the free-flowing nature of the space, which will impede the operation of the building;
- A reduction rather than increase in guest circulation and guest experience, which will likely result in a lower yield per head;
- A significant proportion of the new gallery seats are rather remote/distant from the stage;
- Visibility from the back rows of the lower tiered level of seating will end up being 'letterbox like';
- The proposed boxes appear more 'exclusive' than 'inclusive' and not so aligned with the current ambition and programme;
- The uplift in capacity alone may not significantly change the programme and therefore diversify events;
- Conferencing provision is lacking;
- The changes fail to improve the venue's frontage or connectivity to its environs;
- The venue's entrance remains hidden at the side of the venue on Market Street;
- At the estimated level of capital cost there can be little treatment to improve the internal acoustic or reduction of sound leakage between the venue and its surrounds nor could it provide for significant improvements to the building's environmental performance/energy efficiency;
- The fire escape from first floor is not ideal for a venue like this;
- The maximum capacity of the venue is limited by the vertical means of escape;
- It fails to improve accessibility and may even worsen it;
- DDA access remains difficult – reliant upon lifts; and
- The new architectural style is considered unsympathetic to the existing retained building.

Equals Consulting have also completed a high-level review of the construction cost estimate of £1,050,000¹. Considering the current market rates for construction and on costs, inflation and the like,

¹ Estimated construction cost (with various exclusions including any works forward of the new balcony, VAT, professional fees, surveys and others) presented within Harris McMillan's feasibility study report dated 26/09/2012

Project Explore: Feasibility Study

Equals would envisage the actual cost being in the order of £3m to £5m subject to the range of finishes, construction methodology, procurement method and any unknowns identified during the refurbishment. However, it is important to note that for this cost, there remains little treatment or upgrade to the rest of the Corn Exchange (internal and externally) that falls beyond the interventions being proposed. Furthermore, the expenditure and interventions proposed would still fail to address the fundamental issues and concerns noted above.

3 An Alternative Proposal for Refurbishing the Corn Exchange

3.1 Background Work & Assumptions

In considering alternative refurbishment options for the Corn Exchange, The Fourth Street-led team has:

- Assumed that any change be contained within the existing envelope of the building. Extending beyond this envelope will undoubtedly present a plethora of further options and opportunities but these, given the limited scope of this study, would need to be explored as part of a more detailed design development exercise. Containing the refurbishment within the existing building also aims to minimise the total capital expenditure.
- Sought to maximise the venue's audience capacity while striking an optimal balance with the operational needs and demands of the building. In doing this, the revised concept aims to address the issues and concerns relating to the Harris McMillan proposals, as noted in Section 2 above.
- Reviewed the site context surrounding the Corn Exchange and the site's historical development from the Lower Market building of the mid 1830's through its partial destruction, restoration and evolution to the present day.
- Relied upon building plans provided by ECC which do not exactly correspond and align when moving between floors. As such, we recommend any further work should be based on more accurate and comprehensive surveying of the building.
- Undertaken a brief visual inspection only of internal areas of the venue.
- Drawn comparisons with a selection of other venues to appraise the internal proportions of the auditoria and performance areas including Colston Hall in Bristol and the Apex in Bury St Edmunds.

3.2 Design Concept

The combination of this work has led Hopkins Architects to propose a solution of lowering the auditorium from its current first floor position to the ground floor. Figure 3, Figure 4 and Figure 5 illustrate this change (note, the building's basement is excluded from the drawings and is assumed to remain unchanged).

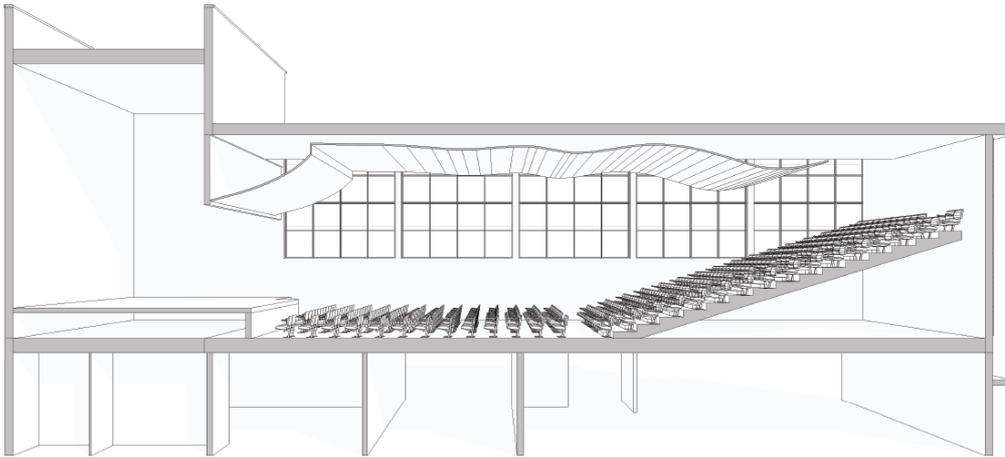
The lowering of the auditorium alone unlocks several valuable improvements to the venue, notably:

- Uplift in audience capacity from 500 to c.1,000 seated and c.1,350 seated/standing (spatially, this capacity is considered reasonable but operationally, there will be challenges to overcome).
- Production access to backstage, stage and auditorium, now being at ground floor level.
- Audience access, with the auditorium now being at ground floor level.
- The physical proportions of the auditorium, which should lend themselves to enhanced audience experiences.

Project Explore: Feasibility Study

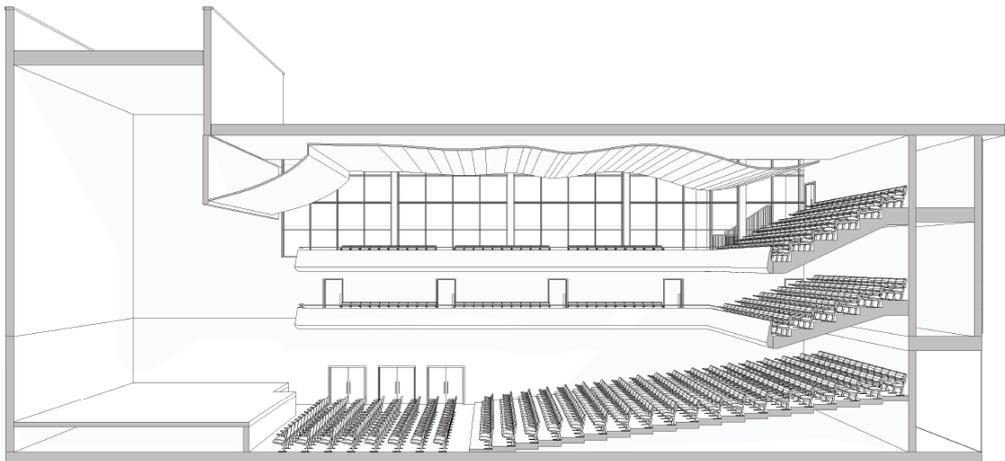
- Increased total F&B space and on a per capita basis.
- New audience entrance onto Fore Street and the regenerative effects this and other improvements to the façade could have.

Figure 3. Cross section of existing corn exchange (500 capacity seated)



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Figure 4. Cross section of alternative refurbishment proposal (c.1,000 seated capacity)



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Figure 5. Existing and Proposed ground, first and second floor layouts



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3.3 Spatial Brief

The above proposals translate into a gross area of 2,400sq.m for the refurbished Corn Exchange venue. The breakdown of this between functions is summarised in Figure 6 below.

Figure 6. Spatial brief

<i>Space</i>	<i>Area split for Corn Exchange: 1,000 seated capacity</i>	<i>Corn Exchange: c.1,000 seated capacity</i>
Foyer	12%	287
Circulation	6%	143
Auditorium	31%	742
Bar & Restaurant	33%	780
Sanitary Provision	7%	159
Performer Spaces	7%	176
Admin & Conference Spaces	3%	70
Technical Spaces	0%	-
Plant & Service Spaces	2%	43
	100%	2,400

3.4 Limitations of this Design Concept

It is important to note that, even with the significant improvements listed in Section 3.2, a number of constraints and limitations will remain since design concept is being re-cast within the existing envelope and audience capacity is being significantly increased beyond the building's original intent.

In the absence of any recent structural surveys or measured plans of the building, it would be premature to develop the design concept any further.

However, for the purposes of this preliminary feasibility exercise, several further assumptions regarding the spatial brief for redeveloping the Corn Exchange have been included within the subsequent cost plan (Section 3.4), programme (Section 4.3) and operational revenue projections (Section 5).

4 Capital Cost & Programme

Equals Consulting have developed a cost model to estimate the capital cost for implementing the alternative proposal for the Corn Exchange, set out in Section 3, together with the conversion of the large restaurant space on the first floor (currently operating as Buffet City and estimated to be 1,086m²) to provide enhanced backstage areas and flexible space for events and related arts and cultural uses.

4.1 Cost base

The capital costs have been built up on an elemental basis and quantities have been rated accordingly. Where it has not been possible to establish quantities, lump sum items have been included. The rates used within the build-ups are based upon Equals' current market data for construction works. The Gross Internal Areas (GIA) and Net Internal Areas (NIA) have been measured off the feasibility study report. The £/ft² rates that have been produced from our elemental build-up have also been benchmarked against projects of a similar nature.

4.2 Key Assumptions, Risks & Exclusions

The following key **assumptions** should be noted:

- Costs are based on a single stage competitive tender.
- The project is a stand-alone building, not part of a larger development scheme.
- Existing topography of the site is level.
- The site is free from contaminants and asbestos (allowance included for refurbishment and development survey of existing building).
- Access to the site will be unhindered during construction.
- Traditional methods of construction will be utilised.

The following key **risks** should be noted:

- Determination of scope and cost certainty.
- Procurement and availability of capable contractors.
- Limited design information at this early stage.
- Access to the site and logistics.
- Planning implications.
- Noise and environmental restrictions.
- Local authority approvals.

The following key **exclusions** should be noted:

- Asbestos identification, removal and disposal.
- Abnormal ground conditions requiring ground improvements.

Project Explore: Feasibility Study

- Land drainage improvement works.
- Contamination identification, removal and remediation.
- Identification and removal of underground structures, tanks and the like.
- Upgrading of existing mains services (refer to allowance in mains services).
- Overhead cable diversions.
- Diversion of existing above and below ground mains services, including drainage.
- Building works in connection with abnormal Planning Conditions.
- Section 106 commuted sums and Community Infrastructure Levy contributions.
- Legal fees and costs.
- Land assemble and associated costs.
- Lease surrendering costs of existing tenants.
- Section 278 Works, plus off-site works.
- Off-site storage or consolidation.
- Pre-opening operating costs such as marketing, launch, recruitment, business development, venue and systems testing.
- Capital fundraising.

Figure 7. Capital cost estimate

CONSTRUCTION ELEMENT	
Building construction	£14.45m
External Works	£.50m
Utilities connections	£.25m
Drainage works	£.15m
	£15.35m
Preliminaries	£2.92m
Main contractors overheads and profit	£1.19m
Design development contingency	£.97m
Construction contingency	£.97m
	£6.05m
	£21.40m
Site clearance and demolition	£.35m
	£21.75m
Inflation	£2.26m
CONSTRUCTION ELEMENTS - SUB TOTAL	£24.02m
PROJECT COSTS	
Project team fees	£3.60m
Client staffing	-
Project team office	£.23m
FFE	£.25m
Artwork	£.05m
Sundries	£.40m
Client contingency	£1.43m
VAT	-
PROJECT COSTS - SUB-TOTAL	£5.95m
GRAND TOTAL	£29.97m

Figure 8. Elemental cost explanation

- Sub-structure: No requirement for extensive sub-structure works, allowance to strengthen or add small sections to the existing corn exchange.
- Contamination removal: Allowance according to size of site.
- Frame and upper floors: No requirement for extensive building frame, allowance enhancements to existing frame and structure.
- Roof: Allowance for roof repairs and finish enhancements.
- Stairs: Allowance to enhance existing stair design.
- External walls, windows and external doors – Allowance for new windows, solar shading, and external doors, with remedial works to existing walls.
- Internal wall and partitions: Allowance to enhance existing internal walls and partitions or form new partitions.
- Internal doors: Allowance to replace internal doors.
- Floor, wall and ceiling finishes: Allowance to replace floor, wall and ceiling finishes, specification of finishes commensurate with build.
- Fixed furniture and equipment: Allowance commensurate with build.

- Specialist installations: £500/m2 of allowance for acoustic enhancements to scheme.
- Mechanical services: Allowance for new mechanical installations.
- Electrical services: Allowance for new electrical installations.
- Lift installations: Allowance for new lift car installation.
- Builders work in connection with services – Allowance commensurate with new installations.
- External works: Allowance for external works to piazza area only.
- Enhancements to existing utilities: Allowance, assuming some of existing utility connections may be utilised.
- Enhancements to existing drainage: Allowance, assuming some of existing drainage connections may be utilised.
- Existing restaurant space (Buffet City): Shell & Core & Basic Fit Out
- Preliminaries (19.00%): Allowance commensurate with scheme.
- Main Contractor's overheads and profit: Allowance commensurate with scheme.
- Design Development Contingency: Allowance commensurate with scheme.
- Construction Contingency: Allowance commensurate with scheme.
- Site Clearance and Demolitions: Allowance commensurate with scheme.
- Inflation provision
- Project team fees: Allowance.
- Client Staffing: Excluded
- Project Team Offices: Allowance.
- Furniture, fittings and equipment: Allowance.
- Artwork: Allowance.
- Sundries, Surveys & Project Insurance: Allowance for sundries (marketing, promotional materials) & site investigation surveys (asbestos, ground investigation, topographical, structural and the like), Project insurances.
- Client contingency: Allowance.
- Value Added Tax: Excluded

4.3 Delivery Programme

The programming assumptions are summarised in Figure 10 and illustrated in Figure 9.

The programme assumes a Project Kick-off on 16-Dec-19, which follows the ECC Executive meeting on 10-Dec-19 and results in Practical Completion on 9-Oct-24. This equates to a total duration of 4-yrs and 11-months.

A detailed delivery programme is included at Appendix 1.

Figure 9. Project Delivery Programme (summary)



Figure 10. Programme assumptions

Consultant Appointments:

- It is assumed that all key consultants will be procured vi OJEU Restricted Procedure. A Contract Notice will be published asking for expression of interest to be submitted. Following that, a shortlist will be agreed, and preferred bidders will be invited to tender.
- It is assumed that the client would manage appointments of all key consultants including the Project Manager and these would be undertaken concurrently. However, we assumed that the Project Manager could be appointed one week before the rest of the consultants to have a chance to review the other consultants' appointments.
- Further specialist consultants would be appointed during RIBA Stage 2 and 3.
- There is an opportunity for the client to instruct the consultants to undertake their services up to RIBA Stage 2 and then, subject to funding, re-engage the consultants to proceed with RIBA Stages 3-6.

Surveys:

- It is assumed that the surveys would be defined and procured during RIBA Stage 0-2, but there is an opportunity to proceed with this activity during the consultants' appointments period.
- Planning
- It is assumed that there is no requirement for Listed Building Consent.
- The planning application would be submitted based on completed RIBA Stage 3 design.
- It is assumed that RIBA Stage 4 design development would only commence once planning consent has been secured, immediately after the planning determination.

Main Contractor Procurement:

- It is assumed that a Design & Build procurement route would be used.
- The main contractor would be procured via a single stage tender, based on RIBA Stage 4 design. This will allow the best cost certainty to the client.
- It is assumed a single contract for the soft strip/enabling works and the main construction works.

Construction:

- It is assumed that the existing tenant(s) would vacate the space latest during the main contractor's lead-in/mobilisation period of two months. This would allow the client to notify the tenant only after the main contract has been awarded.
- It is assumed a period of 2 months for contractor's mobilisation/lead in, 21 months for Shell & Core works and 4 months for fit-out works, testing & commissioning and handover.
- We would recommend assuming a 10% contingency in the programme, which equates approximately to a six-month float, therefore latest completion of the project in Spring 2025.

4.4 Expenditure Profile

Equals have estimated the expenditure profile, over the course of the project, for the 'professional fees' and 'sundries, surveys and insurances' items, extracted from the capital cost model. Respectively, these items total £3.6m and £400k. Figure 11 summarises the expenditure against the major programme milestones.

Figure 11. Projected Expenditure Profile

	Start	Finish	Professional fees	Sundries, surveys & insurance allowances	Total
RIBA Stage 1 - Preparation & Brief	07/05/2020	26/08/2020	£115k	£44k	£159k
RIBA Stage 2 - Concept Design	27/08/2020	21/01/2020	£221k	£75k	£296k
RIBA Stage 3 - Developed Design	22/02/2021	09/07/2021	£489k	£18k	£507k
RIBA Stage 4 - Technical Design	13/09/2021	22/04/2022	£1,141k	£43k	£1,184k
RIBA Stages 5, 6 & 7	13/10/2022	09/10/2024	£1,637k	£220k	£1,857k
			£3,603k	£400k	£4,003k

The first milestone (RIBA Stage 1) is particularly important for ECC to gain greater confidence in the building's structure and foundations (i.e. sufficient to validate the concept of dropping the auditorium and adding load to the building) through some structural and foundation surveys / investigations (ordinarily, most surveys would be undertaken at the start of RIBA Stage 2, concept design) and be in a position to garner support from potential capital funding partners.

It is worth noting that for Arts Council England's (ACE) previous large capital grants programme (2016), applications were required to have completed RIBA stage 1. It is assumed that a new programme would likely demand similar requirements. It is further assumed that ACE's funding requirements would also satisfy other potential 'catalyst' funders interested in the scheme.

Equals have estimated that an expenditure of £159k will be demanded for professional fees and surveys to complete RIBA Stage 1. Added to this, it is recommended that a further allowance of £30k be set aside for developing the project business case in line with HM Treasury's Green Book (including updates to the business plan) and the preparation of first round capital funding applications to possible catalyst funders. Together with a small contingency of £11k, it is recommended that ECC seek budget approval for £200k to progress the project through to the completion of RIBA Stage 1.

4.5 Additional Building Development

At this stage, in the absence of any building surveys and focusing principally on the venue itself, the conceptual proposals for refurbishing the Corn Exchange have been contained within the existing building envelope.

Project Explore: Feasibility Study

As part of the next phase of feasibility work (i.e. concluding RIBA Stage 1), the possibility of adding additional volume to the Corn Exchange building should be considered. From visual inspection only, the option of building over the existing Buffet City restaurant (either to create a second floor or a double height space that may lend itself to being a second venue) is noted, as well as the possibility of adding further height across the building, which could provide additional art/workspace, value and aid the building's sound insulation.

These considerations are assumed at this stage to form part of a separate business base.

5 Operational Projections

5.1 Basis of Projections & Key Assumptions

The operational projections set out in this section assume that ECC operates the upgraded Corn Exchange venue. Other options include various forms of partnering arrangement, leases or management contracts to third parties for either some or all of the venue's building or business activities. Each option will present a different risk profile for ECC and include a range of trade-offs covering financial and non-financial factors.

The projections set out in Section 5.2 represent a maturing state of the business that is assumed to arise in year three after re-launch, by which point the initial hype surrounding the re-launch will have passed, operational teething problems are ironed out and the venue will have re-established itself within the south-west market-place.

For a new venue of this scale, it would normally be prudent to set aside around £500k for pre-operational costs incurred in the lead-up to opening and launching the facility (to cover one-off expenditure items such as pre-opening operational staff appointments, staff recruitment and training, facility and systems testing, pre-launch marketing and launch event, event contract preparation, supplier procurement, and so on). Ordinarily, this would be capitalised and therefore included as part of the project's capital fundraising campaign. However, a critical issue is whether the existing Corn Exchange operation and event programme is transferred to a temporary venue while the building is redeveloped and in doing so, minimise disruption to the trading business and maintain direct links to its audiences and promoters.

The baseline projections set out below represent 'reasonable' and 'balanced' assumptions across the various income and expenditure items, taking into consideration the vision and aspiration for the venue, local market factors and benchmarked data gathered from a range of comparator venues across the UK.

The operational projections, unless otherwise stated, exclude VAT and inflation.

In Section 5.2.5 we have illustrated the 25yr operational income and expenditure profile for the venue. This assumes a gradual ramp-up of each income and expenditure line items to the mature state in year-3 and from year-4 onwards, the figures are flexed up and down to reflect a typical longer-term revenue pattern.

Finally, in Section 5.2.6 we have illustrated the effects of taking more optimistic or pessimistic views in both the income and expenditure projections to cast a range of annual operational deficit/surplus.

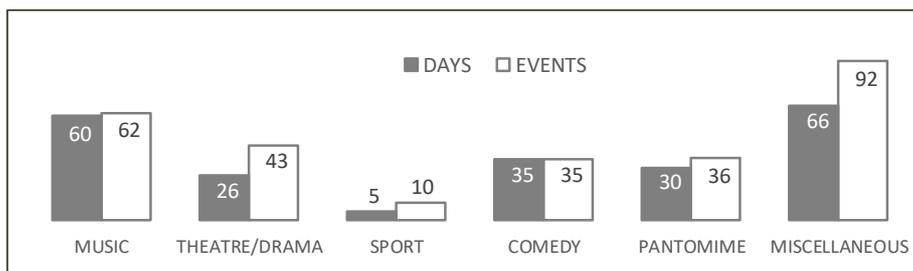
5.2 Mature State Baseline Projections

5.2.1 Events' Programme

An indicative annual programme of events has been cast for the venue reflecting the detailed research and analysis undertaken since 2017 and aiming to fill the cultural and commercial gaps within the Exeter arts and cultural ecology. The number of days and events by genre (derived from the average number of

performances per day) are illustrated in the Figure 12 below. The majority of the ‘miscellaneous’ category relates to *unique shows and experiences, talks and special interest events, cinematic shows and conferences*. This translates to a total of 222 event days and 278 events. This reflects the findings of the 2017 Needs Assessment and more recent Project Explore feasibility study, and the specific market context in Exeter and its surrounding catchment.

Figure 12. Event days & events by genre



5.2.2 Income & Expenditure Summary

Figure 13 below summarises the annual income and expenditure for the mature state and the supporting assumptions are described in Sections 5.2.3 and 5.2.4 respectively.

At this stage, the baseline projection assumes that the venue can return a positive operational contribution in its mature state. Importantly, this is before any additional income is derived from either sponsorship, partnering deals (e.g. education and training), grants or voluntary contributions. Given the commercial nature of the facility, the opportunity for attracting *grants* and *voluntary contributions* is assumed to be low. However, *sponsorship* and *partnering deals* could be significant but at this stage cannot be predicted with confidence so have been omitted.

For comparative purposes, the existing Corn Exchange venue (albeit, operating on a substantially different business model) generated an operating profit of £40k in 2018/19, although this included no expenditure or allowance for building maintenance or business rates. The seven commercial units located within the Corn Exchange (including the basement car park) collectively generate a further £283k of rental income. On a like for like basis therefore, the refurbished Corn Exchange is projected to offer ECC a more favourable revenue position in addition the positive placemaking and regenerative impacts.

Figure 13. Summary income & expenditure

INCOME	
Box office/Venue hire	£826k
Food & beverage	£995k
Merchandise	£37k
Other income	£248k
Sponsorship	-
	£2,106k
EXPENDITURE	
Core staff (permanent)	(£535k)
Event staff (variable)	(£203k)
F&B staff (variable)	(£135k)
Overheads	(£930k)
	(£1,803k)
OPERATING SURPLUS/(DEFICIT)	£304k

5.2.3 Income Assumptions

The net income derived from Box office / Venue hire, F&B sales and merchandise sales is summarised in Figure 14 below. To arrive at these projections, the six event genres represent 24 discrete event types, each with a different market and income profile. For each event type, discrete assumptions have been made for: the venue's configuration and capacity (i.e. theatre, concert, banquet); the average occupancy of an event (i.e. ticket sales); average ticket price; deals agreed with promoters; average secondary spends for F&B and merchandise and the cost of sales and margins achieved respectively.

Figure 14. Events income

	Box office	F&B	Merch'
Music	£204k	£339k	£10k
Theatre/Drama		£98k	£10k
Sport	£30k	£36k	£1k
Comedy	£72k	£147k	£4k
Pantomime	£121k	£82k	£6k
Miscellaneous	£251k	£293k	£7k
	£679k	£995k	£37k

'Other income' is also assumed, derived from:

- the sale of local advertising and promotional materials (to promoters and event organisers);
- a public membership scheme for the venue (offering exclusive offers, promotions and discounts on purchases and special events);
- negotiated deals for third-party ticket agency booking charges;

- non-event F&B (this assumes that part of the F&B offer within the refurbished Corn Exchange opens daily as a day-time café for the general public, taking advantage of passing footfall);
- rent from the basement car park (assumed to increase by 50% from its current level, as a result of increased parking demand driven by the refurbished venue); and
- rent from an assumed 500m² of commercial art/work-space (resulting from half of the converted former Buffet City restaurant).

At this stage, we have made no assumptions for sponsorship income. However, for a venue of the status and significance being proposed, this could represent a valuable additional income stream.

5.2.4 Expenditure Assumptions

The staff expenditure is split into three categories namely: Core staff (representing the permanent employed staff for the venue); Events staff (a variable staff complement covering front of house stewarding, ticket checking, event cleaning and door supervision); and, F&B staff (a variable staff complement covering the venue's bars during the operational hours of events).

Figure 15. Core staff (permanent)

Department	Grade/Role	FTE	Salary	On-costs (25%)	Sub-total
Executive	Director/GM	1.0	£60.0k	£15k	£75k
Executive	Administrator	1.0	£18.0k	£5k	£23k
Executive	Commercial Manager	1.0	£40.0k	£10k	£50k
Event Technical	Manager	1.0	£30.0k	£8k	£38k
Event Technical	Deputy	1.0	£27.5k	£7k	£34k
Event Technical	Assistant	1.0	£22.5k	£6k	£28k
Event Management/Ops	Manager	1.0	£30.0k	£8k	£38k
Event Management/Ops	Assistant	1.0	£22.5k	£6k	£28k
Event Management/Ops	Duty manager	2.0	£30.0k	£15k	£75k
F&B	Manager	1.0	£32.5k	£8k	£41k
F&B	Assistant	1.0	£27.5k	£7k	£34k
Sales and Marketing	Manager	1.0	£35.0k	£9k	£44k
Sales and Marketing	Assistant	1.0	£22.5k	£6k	£28k
		14.0			£535k

Figure 16. Event staff (variable)

	Ave staff/event	Hrs/Event	Staff Hrs	Staff rate	On-costs	
Event staff - total	15.0	5.0	20,850	£9.00	8.00%	£203k

Figure 17. F&B staff (variable)

	Ave staff/event	Hrs/Event	Staff Hrs	Staff rate	On-costs	
F&B staff - total	10.0	5.0	13,900	£9.00	8.00%	£135k

The total overheads of the venue are projected at £960k for the mature state. These are summarised in Figure 18 and described below. Importantly, the costs reflect the ambition for the venue to become a centre for civic pride, as well as being commercially successful. At this stage, we are more concerned with the headline figures rather than their detailed make-up. As the project develops, the assumptions lying behind the headlines will evolve and cascade into greater detail.

- Council department recharges – with ECC managing the venue, a small proportion of resource is drawn from central council departments (largely from finance, HR and estates), which complements the permanent core staff team.
- Box office – the cost of operating a small box office located within the foyer of the venue. At this stage a cautious view has been taken for the baseline projection which assumes that the box office is servicing the needs of the venue only and not selling for other venues in region.
- Marketing – a sizeable marketing budget has been assumed, which is equivalent to 6% of box office sales – reflecting the commercial intent of the venue and the need to aggressively build audience and promoter awareness of the venue.
- Event technical – the scale of event technical budget aligns with the capital budget assumptions for technical fixtures and equipment. This budget also provides for periodic inspections of lighting, health and safety requirements etc.
- Building maintenance – an average annual allowance has been included for planned and preventative maintenance. In the early operational years, the cost of maintenance will be low as a result of building and equipment warranties. The expenditure profile in later years will likely include less frequent but higher levels of expenditure i.e. acting like a sinking fund for more significant repairs and upgrades.
- Facilities management – assumed to cover 24hr CCTV building security, lift servicing (on emergency call out basis), general cleaning and waste collection.
- Utilities – the current budget equates to an allowance of £12/m² across the gross building area. The scale of utilities' expenditure will have a direct correlation to the environmental qualities and energy performance of the building.
- Insurances – assumed to cover buildings, contents, public and employer liabilities. The scale of expenditure assumes some group cover benefit from ECC.
- Business rates – it is assumed the full business rates will be payable. The rateable value of the property has been estimated at £200k and business rates are assumed to be charged at 50%. The rateable value has been informed by comparable UK venues and the existing rateable value of the Corn Exchange being £60k. There may be opportunities to achieve some rate relief, but no such assumptions have been made at this stage.
- Rent – assumed to be nil given ECC is both the tenant and landlord.

Project Explore: Feasibility Study

- IT – assumed to cover a reasonable specification of internet connectivity and servicing to address the venue’s requirements, event technical and public WiFi.
- Legal and professional – to cover legal advice typically relating to new or unusual promoter and supplier contracts and HR matters. This will complement related allowances made within the ‘Council department recharges’.
- Admin – to cover the venue’s general office related expenditure such as: phones, stationary, printing, travel and sundry expenses.
- Contingency – to provide a contingency buffer across these overhead items.

Figure 18. Overheads

<i>Overhead item</i>	<i>Sub-total</i>
Council departmental recharges	£50k
Box office	£100k
Marketing	£150k
Event technical	£25k
Building maintenance	£75k
Facilities management	£175k
Utilities	£45k
Insurances	£25k
Business rates	£100k
Rent	-
IT	£100k
Legal & professional services	£25k
Admin	£50k
Contingency	£40k
	£960k

5.2.5 25yr Income & Expenditure

The 25yr income and expenditure profile is presented in Figure 19. For this, assumptions are included for the gradual build-up of individual income streams as the venue takes time to re-establish itself in the market place; a reduced core staff complement in years 1 and 2, reflecting the venue operating at below its mature state capacity; Event and F&B staff fluctuating in line with the venue’s event programme; and individual assumptions for each line item within the overheads.

Figure 19. 25yr income & expenditure summary

	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10	Yr11	Yr12	Yr13
INCOME													
Box office/Venue hire	£495k	£661k	£826k	£867k	£826k	£784k	£826k	£867k	£826k	£784k	£826k	£867k	£826k
Food & beverage	£597k	£796k	£995k	£1,045k	£995k	£945k	£995k	£1,045k	£995k	£945k	£995k	£1,045k	£995k
Merchandise	£22k	£30k	£37k	£39k	£37k	£36k	£37k	£39k	£37k	£36k	£37k	£39k	£37k
Other income	£149k	£198k	£248k	£260k	£248k	£236k	£248k	£260k	£248k	£236k	£248k	£260k	£248k
Sponsorship	-	-	-	-	-	-	-	-	-	-	-	-	-
	£1,264k	£1,685k	£2,106k	£2,212k	£2,106k	£2,001k	£2,106k	£2,212k	£2,106k	£2,001k	£2,106k	£2,212k	£2,106k
EXPENDITURE													
Core staff (permanent)	(£321k)	(£428k)	(£535k)										
Event staff (variable)	(£122k)	(£162k)	(£203k)	(£213k)	(£203k)	(£193k)	(£203k)	(£213k)	(£203k)	(£193k)	(£203k)	(£213k)	(£203k)
F&B staff (variable)	(£81k)	(£108k)	(£135k)	(£142k)	(£135k)	(£128k)	(£135k)	(£142k)	(£135k)	(£128k)	(£135k)	(£142k)	(£135k)
Overheads	(£863k)	(£843k)	(£930k)	(£860k)	(£870k)	(£978k)	(£883k)	(£893k)	(£978k)	(£883k)	(£893k)	(£978k)	(£883k)
	(£1,386k)	(£1,541k)	(£1,803k)	(£1,750k)	(£1,743k)	(£1,833k)	(£1,755k)	(£1,782k)	(£1,850k)	(£1,738k)	(£1,765k)	(£1,867k)	(£1,755k)
OPERATING SURPLUS/(DEFICIT)	(£122k)	£144k	£304k	£462k	£364k	£168k	£351k	£430k	£256k	£263k	£341k	£345k	£351k
CUMMULATIVE SURPLUS/(DEFICIT)	(£122k)	£22k	£326k	£788k	£1,151k	£1,319k	£1,670k	£2,100k	£2,356k	£2,619k	£2,960k	£3,304k	£3,655k
	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20	Yr21	Yr22	Yr23	Yr24	Yr25	
INCOME													
Box office/Venue hire	£784k	£826k	£867k	£826k	£784k	£826k	£867k	£826k	£784k	£826k	£867k	£826k	
Food & beverage	£945k	£995k	£1,045k	£995k	£945k	£995k	£1,045k	£995k	£945k	£995k	£1,045k	£995k	
Merchandise	£36k	£37k	£39k	£37k	£36k	£37k	£39k	£37k	£36k	£37k	£39k	£37k	
Other income	£236k	£248k	£260k	£248k	£236k	£248k	£260k	£248k	£236k	£248k	£260k	£248k	
Sponsorship	-	-	-	-	-	-	-	-	-	-	-	-	
	£2,001k	£2,106k	£2,212k	£2,106k	£2,001k	£2,106k	£2,212k	£2,106k	£2,001k	£2,106k	£2,212k	£2,106k	
EXPENDITURE													
Core staff (permanent)	(£535k)												
Event staff (variable)	(£193k)	(£203k)	(£213k)	(£203k)	(£193k)	(£203k)	(£213k)	(£203k)	(£193k)	(£203k)	(£213k)	(£203k)	
F&B staff (variable)	(£128k)	(£135k)	(£142k)	(£135k)	(£128k)	(£135k)	(£142k)	(£135k)	(£128k)	(£135k)	(£142k)	(£135k)	
Overheads	(£893k)	(£978k)	(£883k)										
	(£1,748k)	(£1,850k)	(£1,772k)	(£1,765k)	(£1,833k)	(£1,755k)	(£1,782k)	(£1,850k)	(£1,738k)	(£1,765k)	(£1,867k)	(£1,755k)	
OPERATING SURPLUS/(DEFICIT)	£253k	£256k	£440k	£341k	£168k	£351k	£430k	£256k	£263k	£341k	£345k	£351k	
CUMMULATIVE SURPLUS/(DEFICIT)	£3,908k	£4,164k	£4,604k	£4,945k	£5,113k	£5,464k	£5,893k	£6,149k	£6,412k	£6,753k	£7,098k	£7,449k	

5.2.6 Sensitivity Analysis

The operational model is particularly sensitive to a small number of income and expenditure variables – notably, the volume and nature of events within the programme, the deals achieved with promoters, conversions and secondary spend for F&B and related direct costs. Small adjustments can cause a significant swing in the operational surplus and deficit. For example, adjusting the average ‘split’ deal with promoters from 25% to 27.5% improves the operational surplus by £74k or 69%. Conversely, a fall in this ‘split’ to 22.5% reduces the operational surplus by £74k.

As noted above, the baseline projections are considered to be ‘reasonable’ and ‘balanced’ on both the income and expenditure sides of the model. However, for this early stage of planning, it would be prudent to assume a potential swing in the projected bottom line (comparable to that described in the above sections) of between £150k (deficit) and £450k (surplus).

6 Comparison with New 'City Centre' Venue Proposal

Despite the proposals for refurbishing the Corn Exchange (as described in above) and new city centre venue achieving broadly equivalent audience capacities within their auditoria (c.1,000 seated capacity), a direct comparison must be made with caution, given one is a refurbishment and the other a new build, and their respective area schedules differ greatly in terms of their total spatial briefs and the distribution of area by function.

Differences between the two options that are worth noting include:

- The auditoria for the two venues are currently sized at 845sq.m (new city centre venue) and 742sq.m (refurbished Corn Exchange) and hence, broadly comparable, which is not surprising given their targeted seated capacities of c.1,000. The major differences in their respective area schedules arise in the following spaces: *foyer and circulation areas, bar and restaurant areas, sanitary provision, performer spaces, admin and conference spaces, technical and plant areas*. Collectively, these give rise to the total area for the new venue being two times greater than the refurbished Corn Exchange – mainly resulting from the constraints of the existing Corn Exchange building envelope and the assumptions used to conceive the alternative refurbishment option. These spatial differences will undoubtedly have a significant impact on the attractiveness of the Corn Exchange venue for promoters and audiences, and its operational financial performance.
- A new venue will be built to current codes (e.g. environmental, acoustic protection, storage for seating units, access etc.) and have greater longevity through designed/built-in future-proofing, which again will aid its operational performance and help quicken turnarounds.
- A purpose-built venue will be better proportioned, aiding the facilities operational performance and audience experiences. It is noted that the refurbished Corn Exchange remains physically lopsided with the F&B provision being accessed from only one side of the auditorium, and the back of house spaces, dressing rooms, break-out facilities, offices and kitchen areas all being on the same side. This issue may be partly addressed through the design development process and creative design solutions that emerge.
- The Corn Exchange has a fly tower whereas the proposed new city centre venue does not. This opens-up an opportunity for a broader range of theatre product to be staged at the Corn Exchange but will undoubtedly limit the venue's overall flexibility when compared to a purpose-built new venue (for example, in-the-round or arena formats where 360-degree seating is demanded or beneficial).
- A new city centre venue could provide seamless continuity to Exeter's cultural programme, because the Corn Exchange would not be disrupted in that case. Refurbishing the Corn Exchange would take the venue out of operation while construction works were taking place. As noted in the original 2017 Needs Assessment and subsequent feasibility reports, temporary venue options should be considered to avoid any discontinuity.

Project Explore: Feasibility Study

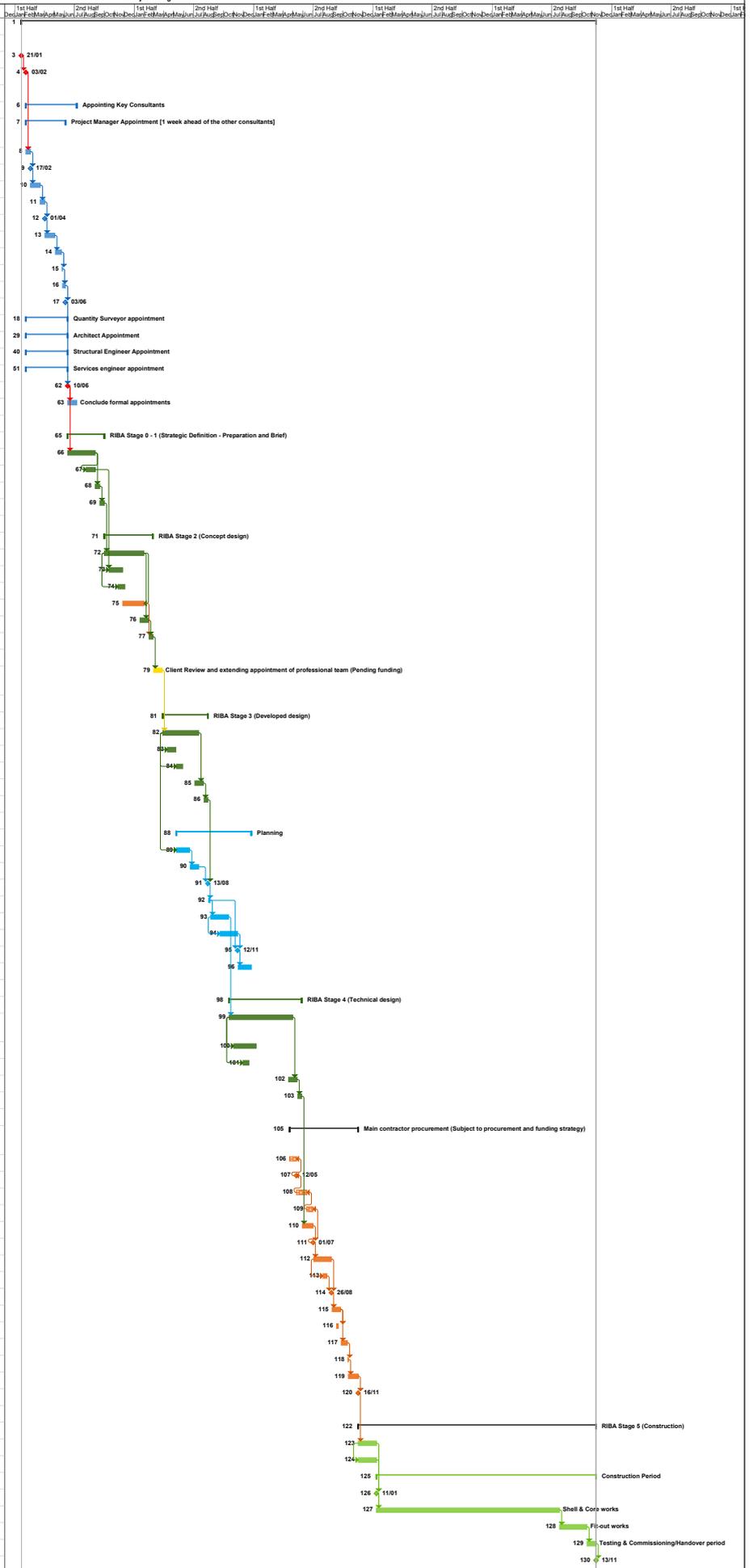
- Located at different sides of the city centre, the two schemes will have a markedly different impact on their surroundings and contribution to regenerating their specific environs.
- The refurbishment of the Corn Exchange resonates with the city's climate change and environmental priorities – in terms of its re-use and re-purposing – and could positively support the city's PR and communications in this regard.
- Similarly, the long and interesting history and heritage of the Corn Exchange site could add positively to the storytelling and messaging about the refurbished venue.
- Being a refurbishment, the Corn Exchange will could have a greater sense of 'rawness' and community connection from the outset than a new venue, which could influence the appeal and demand for certain types of events and genres being programmed.
- The number of events projected for the mature state Corn Exchange (see Section 5.2.1) is less than for a new City Centre venue (i.e. 251 events days and 319 events).
- The 'core staff' complement and cost is equal to a new City Centre venue on the basis that these represent largely fixed overheads and both venues are being programmed commercially and as aggressively as their facilities permit. However, the number and cost of 'Event staff' and 'F&B staff' vary in line with the event programming activity and are therefore lower for the refurbished Corn Exchange than for a new City Centre venue.

Appendices

Project Explore: Feasibility Study

1 Detailed Delivery Programme

ID	Task Name	Duration	Start	Finish	Predecessors
1	Exeter - Project Explore - Project Programme	250 wks	Tue 21/01/20	Wed 13/11/24	
2					
3	Exeter Council Meeting	0 wks	Tue 21/01/20	Tue 21/01/20	
4	Project kick-off	0 wks	Mon 03/02/20	Mon 03/02/20	3FS+2 wks
5					
6	Appointing Key Consultants	22.4 wks	Tue 04/02/20	Wed 08/07/20	
7	Project Manager Appointment [1 week ahead of the other consultants]	17.4 wks	Tue 04/02/20	Wed 03/06/20	
8	Prepare specification and scope of services	2 wks	Tue 04/02/20	Mon 17/02/20	4
9	Publish Contract Notice	0 wks	Mon 17/02/20	Mon 17/02/20	8
10	PQQ period (30 calendar days)	22 days	Tue 18/02/20	Wed 18/03/20	9
11	Agree shortlist of preferred bidders	2 wks	Thu 19/03/20	Wed 01/04/20	10
12	Issue Invitations To Tender (ITT)	0 wks	Wed 01/04/20	Wed 01/04/20	11
13	Tender period (30 calendar days)	22 days	Thu 02/04/20	Fri 01/05/20	12
14	Tender evaluation & clarifications	3 wks	Mon 04/05/20	Fri 22/05/20	13
15	Appoint successful bidder and inform unsuccessful bidders	1 day	Mon 25/05/20	Mon 25/05/20	14
16	Standstill period (10 calendar days)	7 days	Tue 26/05/20	Wed 03/06/20	15
17	Publish contract award	0 wks	Wed 03/06/20	Wed 03/06/20	16
18	Quantity Surveyor appointment	18.4 wks	Tue 04/02/20	Wed 10/06/20	
29	Architect Appointment	18.4 wks	Tue 04/02/20	Wed 10/06/20	
40	Structural Engineer Appointment	18.4 wks	Tue 04/02/20	Wed 10/06/20	
51	Services engineer appointment	18.4 wks	Tue 04/02/20	Wed 10/06/20	
62	Professional team appointed	0 wks	Wed 10/06/20	Wed 10/06/20	28,39,50,61,17
63	Conclude formal appointments	4 wks	Thu 11/06/20	Wed 08/07/20	62
64					
65	RIBA Stage 0 - 1 (Strategic Definition - Preparation and Brief)	16 wks	Thu 11/06/20	Wed 30/09/20	
66	Review of the feasibility study	12 wks	Thu 11/06/20	Wed 02/09/20	62
67	Define surveys needed & Collect fee proposals	4 wks	Thu 06/08/20	Wed 02/09/20	66FS-4 wks
68	Cost review	2 wks	Thu 03/09/20	Wed 16/09/20	66
69	Internal Client review and sign-off period	2 wks	Thu 17/09/20	Wed 30/09/20	68
70					
71	RIBA Stage 2 (Concept design)	20 wks	Thu 01/10/20	Fri 26/03/21	
72	Stage 2 design development	16 wks	Thu 01/10/20	Fri 29/01/21	69
73	Stage 2 surveys	6 wks	Thu 15/10/20	Wed 25/11/20	72SS+2 wks,67
74	Stage 2 stakeholder review and inputs	3 wks	Thu 12/11/20	Wed 02/12/20	72SS+6 wks
75	Production of procurement strategy	8 wks	Thu 26/11/20	Fri 29/01/21	72FP
76	Stage 2 Cost analysis	4 wks	Mon 18/01/21	Fri 12/02/21	72FS-2 wks
77	Internal client review and sign off period	2 wks	Mon 15/02/21	Fri 26/02/21	75,76
78					
79	Client Review and extending appointment of professional team (Pending funding)	4 wks	Mon 01/03/21	Fri 26/03/21	77
80					
81	RIBA Stage 3 (Developed design)	20 wks	Mon 29/03/21	Fri 13/08/21	
82	Stage 3 design development	16 wks	Mon 29/03/21	Fri 16/07/21	79
83	Stage 3 surveys (if required)	4 wks	Mon 12/04/21	Fri 07/05/21	82SS+2 wks
84	Stage 3 stakeholder review and inputs	3 wks	Mon 10/05/21	Fri 28/05/21	82SS+6 wks
85	Stage 3 Cost analysis	4 wks	Mon 05/07/21	Fri 30/07/21	82FS-2 wks
86	Internal client review and sign off period	2 wks	Mon 02/08/21	Fri 13/08/21	85
87					
88	Planning	33 wks	Mon 10/05/21	Fri 24/12/21	
89	Pre-application meetings and stakeholder consultation	6 wks	Mon 10/05/21	Fri 18/06/21	82SS+6 wks
90	Preparation of application documents	4 wks	Mon 21/06/21	Fri 18/07/21	89
91	Submission (Once Stage 3 formally signed off)	0 wks	Fri 13/08/21	Fri 13/08/21	90,86
92	Registration and validation	1 wk	Mon 16/08/21	Fri 20/08/21	91
93	Determination	8 wks	Mon 23/08/21	Fri 15/10/21	92
94	S106 negotiation	8 wks	Mon 20/09/21	Fri 12/11/21	93SS+4 wks
95	Permission received	0 wks	Fri 12/11/21	Fri 12/11/21	94,92
96	Judicial review period	6 wks	Mon 15/11/21	Fri 24/12/21	95
97					
98	RIBA Stage 4 (Technical design)	32 wks	Mon 18/10/21	Fri 27/05/22	
99	Stage 4 design development (following planning determination)	28 wks	Mon 18/10/21	Fri 29/04/22	93
100	Stage 4 surveys (if required)	10 wks	Mon 01/11/21	Fri 07/01/22	99SS+2 wks
101	Stage 4 stakeholder review and inputs	3 wks	Mon 29/11/21	Fri 17/12/21	99SS+6 wks
102	Stage 4 Cost analysis	4 wks	Mon 18/04/22	Fri 13/06/22	99FS-2 wks
103	Internal client review and sign off period	2 wks	Mon 16/05/22	Fri 27/05/22	102
104					
105	Main contractor procurement (Subject to procurement and funding strategy)	30 wks	Thu 21/04/22	Wed 16/11/22	
106	Prepare specification	3 wks	Thu 21/04/22	Thu 12/05/22	107SF
107	Publish Contract Notice	0 wks	Thu 12/05/22	Thu 12/05/22	108SF
108	PQQ period (30 calendar days)	22 days	Thu 12/05/22	Mon 13/06/22	109SF
109	Agree shortlist of preferred bidders	3 wks	Mon 13/06/22	Fri 01/07/22	111SF
110	Prepare tender documentation	5 wks	Mon 30/06/22	Fri 01/07/22	103
111	Invitation to Tender	0 wks	Fri 01/07/22	Fri 01/07/22	110
112	Tender period	8 wks	Mon 04/07/22	Fri 26/08/22	111
113	Mid bid interviews	2 wks	Mon 01/08/22	Fri 12/08/22	112SS+4 wks
114	Tender returns	0 wks	Fri 26/08/22	Fri 26/08/22	112,113
115	Tender evaluation & clarifications	4 wks	Mon 29/08/22	Fri 23/09/22	114
116	Post tender interviews	1 wk	Mon 12/09/22	Fri 16/09/22	115FS-2 wks
117	Final evaluation period & contract negotiations	3 wks	Mon 26/09/22	Fri 14/10/22	115
118	Appoint successful bidder and inform unsuccessful bidders	1 day	Mon 17/10/22	Mon 17/10/22	117
119	Standstill period (30 calendar days)	22 days	Tue 18/10/22	Wed 16/11/22	118
120	Contract award	0 wks	Wed 16/11/22	Wed 16/11/22	119
121					
122	RIBA Stage 5 (Construction)	104 wks	Thu 17/11/22	Wed 13/11/24	
123	Lead in / Mobilisation period	2 mons	Thu 17/11/22	Wed 11/01/23	120
124	The existing operator decant period	2 mons	Thu 17/11/22	Wed 11/01/23	123SS
125	Construction Period	96 wks	Wed 11/01/23	Wed 13/11/24	
126	Vacant Possession	0 wks	Wed 11/01/23	Wed 11/01/23	124,123
127	Shell & Core works	20 mons	Thu 12/01/23	Wed 24/07/24	126
128	Fit-out works	3 mons	Thu 25/07/24	Wed 16/10/24	127
129	Testing & Commissioning/Handover period	1 mon	Thu 17/10/24	Wed 13/11/24	128
130	Practical completion	0 wks	Wed 13/11/24	Wed 13/11/24	129



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