

CAPITAL INVESTMENT BUSINESS CASE

Community Infrastructure Levy contribution for heat network and cultural infrastructure – Theatre Royal Plymouth



What is the endorsement you are seeking from CPOG

Allocate £0.5m of Community Infrastructure Levy funding to the capital programme (2026/27-27/28) as a contribution to Theatre Royal Plymouth to enable it to address an urgent need to replace its old heating system, meet costs of connecting it to the Plymouth Heat Network infrastructure, and provide match funding for a £10m Arts Council grant for an £11.7m project to deliver critically needed improvements to the physical infrastructure of the theatre.

EXECUTIVE SUMMARY

The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.

This business case relates a contribution of £0.5m from the Community Infrastructure Levy (CIL) infrastructure fund to the Theatre Royal (TRP). The contribution will:

- Enable TRP to address an urgent need to upgrade its existing heating system to be more efficient and become heat network compatible, and support the connect charge costs to allow connection to the Plymouth Heat Network infrastructure, which will supply the Theatre Royal and support its decarbonisation.
- In so contributing, to provide match funding for a £10m Arts Council bid, delivering an £11.7m wider project that makes critically needed improvements to the physical infrastructure of the Theatre Royal, helping de-risk an existential threat to its continued operation.

The £0.5m would be paid across 2026/27 and 2027/28, currently estimated to be £0.365m in 2026/27 and £0.135m in 2027/28.

The proposed CIL investment provides a particularly strong fit to the statutory purposes of CIL and no alternative option brings greater combined strategic and corporate benefits, given:

- It's potential to unlock substantial and critically needed investment in the physical infrastructure, helping de-risk an existential threat to the Theatre and removing a major maintenance liability to the Council of potentially £millions for years to come.
- The key role of TRP, as a strategic partner in city transformation and as a cultural anchor for the city centre, the city and the wider region.
- The Council's key role as owner of this asset and as a strategic leader for city transformation.
- The link to a £400m heat network investment which is a core part of existing strategies (Local Plan, Economic Strategy, Net Zero Action Plan), aligns with Corporate Plan priorities and will play a key role in city centre transformation.
- The charitable status of TRP.

Ultimately, it offers a solution to a major strategic and corporate problem for both Council and city, without any spend from core budgets or a need to increase its borrowing requirement.

The proposed funding arrangements are:

Funding Source	£	Secured
CIL	500,000	Yes
Total	500,000.00	

SECTION I: PROJECT DETAIL			
Project Value (indicate capital or revenue)	£0.5m	Contingency (show as £ and % of project value)	0%
Portfolio Holder	Cllr Tom Briars-Delve, Environment and Climate Change	Directorate	Growth Directorate
		Service Director	Paul Barnard (Strategic Planning & Infrastructure)
Senior Responsible Officer (client)	Jonathan Bell	Project Manager	Jon Selman
Address and Post Code	Theatre Royal, Royal Parade, PL1 2TR	Ward	St Peter and the Waterfront
Current Situation: <i>(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)</i>			
<p>Theatre Royal Plymouth (TRP) was built between 1978 and 1982. Despite various improvements, no significant work has been undertaken on its core infrastructure. The proposed project addresses urgent and very significant capital risks, that are of existential importance. It will ensure safe, sustainable operations and reduce the risk of infrastructure failures resulting in forced closure.</p> <p>The proposed CIL contribution would help unlock an overall investment of £11.7m in the Theatre Royal (£10m Arts Council grant; £1.7m match funding).</p> <p>TRP has identified £35m of capital work with a 3-stage roadmap: Critical, Urgent & Essential.</p> <p>The Critical Project (£11.7m.) includes items that need immediate attention / are highest risk:</p> <ul style="list-style-type: none"> • Core Electrical Systems: Full electrical infrastructure replacement & rewire; urgent replacement of stage & house lighting with LED technology. An unplanned, emergency closure is a real risk & could potentially be catastrophic for the charity. • Safety: Repairs to flown & fixed ceiling linings. The unique moving ceiling is mechanically sound but the fascia is lifting & small segments have fallen onto the audience below. Replacement of the acoustic get-in doors to the stage, which are currently operated manually and therefore no longer meet industry health and safety standards. • Environmental: The gas boilers are beyond end of life. Works will be undertaken to improve the plumbing system to reduce overflow and closure due to flooding. The core electrics will be removed from the basement area to the first floor due to the flooding of the basements. Connection to the heat network to provide a long-term solution. • Air handling unit: The system is original to the building & beyond end of life. <p>The Council has been working with the Theatre Royal for a number of years on connection to the heat network, including completing a survey of their existing heating system to understand the changes needed and costs to connect and also securing Listed Building Consent for the heat sub-station and connection point.</p>			
Proposal: <i>(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)</i>			
<p>The provision of CIL funding to the Theatre Royal will enable a more efficient building heating system that is compatible with the heat network and support connection costs to the heat network infrastructure, as part of both the Civic Cluster (which will also support decarbonisation of the Civic Centre and Plymouth Combined Courts) but also a wider phase of works in the City Centre.</p> <p>The proposed CIL investment will also be part of a much larger project to improve the physical infrastructure of the Theatre Royal, helping to provide some match funded for a bid for £10m of</p>			

Arts Council England funding, with a total project value of £11.7m. The Theatre need to raise 15% of total project costs in match funding.

If the CIL investment is not agreed, the impact could be as follows:

- TRP would have insufficient match funding for its Arts Council bid, meaning that unless it quickly finds alternative match funding it will not have the funds to undertake critical repairs, which itself would likely mean forced closure.
- TRP could be forced continue with an inefficient, unreliable and expensive heating system that is past its life.
- A closure of TRP would be a huge hit for the city at a time of major programmes for growth and city centre transformation.
- A closure of TRP would be a significant reputational issue for the Council, as both strategic partner and owner of the asset.
- A closure of TRP would mean that the full liability for the infrastructure transfers back to the Council.
- It could delay TRP's integration into the heat network and reduce the attractiveness of the heat network investment to the private sector (although this does not in itself mean that the network will be unviable).
- It could passport an expensive retrofit to the future as government rules around heat zones may require TRP to be connected at some point.

Why is this your preferred option: *(Provide a brief explanation why this option is preferred) and (Explain why this is a good capital investment and how this would be an advantage for the Council) and (explain how the preferred option is the right balance between the risks and benefits identified below).*

One alternative is not to spend it at all. This would allow the fund to replenish, enabling a larger investment in the future in another infrastructure project. With current CIL commitments, the forecast balance in 2026/27 is c£505k (against a £365k requirement for the project in that year should this be approved).

The other alternative is to use the CIL for other infrastructure projects that meet the legal requirements. Options have been discussed with Capital Finance and FM, with Plymouth Guildhall and Mount Batten pontoon being the most obvious potential alternatives. However, neither of these match the combined strategic and corporate benefits associated with the proposed investment in TRP.

The case for the proposed CIL investment is a particularly strong with substantial strategic and corporate benefits, including:

- The fact that the investment will provide match funding for major funding bid being made by the Theatre Royal to deliver £11.7m of critically needed physical improvements, helping de-risk an existential threat and removing a major maintenance liability to the Council of potentially £millions for years to come.
- The key role of TRP, as a strategic partner in city transformation and as a cultural anchor for the city centre, the city and the wider region.
- The Council's key role as owner of this asset and as a strategic leader for city transformation.
- The link to a £400m heat network investment which is a core part of existing strategies (Local Plan, Economic Strategy, Net Zero Action Plan), aligns with Corporate Plan priorities and will play a key role in city centre transformation.
- The charitable status of the Theatre Royal.

The wider investment will make the building fit for purpose, enhance artistic and audience experience and secure its economic resilience. By safeguarding the physical assets, the Theatre's ability to deliver world-class performing arts and life-changing creative engagement for the 2.1m residents of the South West peninsula will be protected.

The CIL investment can be made with zero need for corporate or service borrowing. The proposal to invest CIL funds in works at the Theatre Royal fully fits with the statutory purpose of CIL and how we have prioritised use of CIL on key strategic infrastructure necessary for the sustainable growth of the city.

Option Analysis: (Provide an analysis of ‘other’ options which were considered and discounted, the options considered must be a ‘do Nothing’ and ‘do minimum’ and ‘viable alternative’ options. A SWOT – Strength, Benefit, Opportunity, Threat analysis could be attached as an appendix).

Do Nothing Option No contribution made to the Theatre Royal

List Benefits: CIL could enable a larger investment in the future in another infrastructure project or to use the CIL for other infrastructure projects, However, they would also need to comply with the legal framework for CIL and could not be spent on general public administration infrastructure.

List Risk / Issues: Losing Arts Council funding of £10m to invest in critical infrastructure with risks of a forced closure and a resulting PCC maintenance liability for building.

Cost: £0

Why did you discount this option No other known and legally compliant alternative is considered to offer the combined corporate and strategic benefits as the proposed investment in TRP.

Do Minimum Option A smaller contribution could be offered.

List Benefits: More CIL would be retained for other infrastructure projects.

List Risk / Issues: TRP need to demonstrate £1.7m of match funding to be able to qualify for the Arts Council grant, and a reduction could put this at risk.

Cost: £0

Why did you discount this option £0.5m is the estimated sum needed for the heating system changes and heat network connections, and the broad magnitude of funding needed to ensure TRP meet the match funding requirement.

Viable Alternative Option Another funding option.

List Benefits: CIL could be used towards other infrastructure projects, where relevant.

List Risk / Issues: Potential additional cost to PCC, as it may need to consider using core PCC budgets to provide the match funding required, or alternative stopping or reducing another project to provide finance for this one.

Cost: Potentially c£500k

Why did you discount this option No other suitable external funding options were identified, only service or corporate borrowing, or taking funds from alternative scheme/s.

Strategic Case:

Which Corporate Plan priorities does this project deliver? Green investment, jobs, skills and better education

Milestones and Date:

Contract Award Date	Start On Site Date	Completion Date
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March 2026	July 2026	July 2028
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SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Costs escalate	Medium	Medium	Medium
Mitigation	PCC's contribution set at £0.5m with no provision made for additional spend	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0	Risk Owner	Theatre Royal	
Risk	Arts Council bid unsuccessful	Medium	Medium	Medium
Mitigation	Theatre Royal shortlisted to second stage application. Works still required to existing heating system as well as other infrastructure renewal at the Theatre, so even if the bid was unsuccessful the investment would provide significant benefits.	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0	Risk Owner	Theatre Royal	

Outcomes and Benefits

List the outcomes and benefits expected from this project.

(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)

(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)

Financial outcomes and benefits:	Non-financial outcomes and benefits:
<p>The investment will improve a PCC asset and help de-risk future liabilities:</p> <ul style="list-style-type: none"> Substantial maintenance liabilities exist with the building, with PCC responsible for exterior. TRP identifies a c£35m maintenance backlog. The investment would enable a lease renegotiation, which would allow PCC to reduce the building's maintenance liability from 17 to 5 years, with clear long-term financial benefits (potentially £millions). Were TRP to be forced to close, all building liabilities would pass fully back to PCC, and there would be significant reputational and economic damage. The proposed CIL investment would help reduce this risk. 	<p>The investment will contribute to city decarbonisation:</p> <ul style="list-style-type: none"> The heat network proposal is the single greatest intervention towards decarbonisation of the city (a key objective of sustainable growth) resulting in over 47,000 tonnes CO2 reduction/ annum (approximately 5% of the current city emissions). The first phase would result in a 12,000 tonnes CO2 / annum reduction. TRP itself contributes significantly to emissions and upgrading its heating system will make a significant impact (200 tonnes/annum). Heat network is probably the only practical solution to decarbonise the Theatre Royal. <p>The investment contribute to the strategic heat network:</p> <ul style="list-style-type: none"> TRP is a key anchor load in initial phase of heat network development.

	<ul style="list-style-type: none"> • As an early adopter into the heat network, TRP will help make this a particularly attractive proposition to private investors at a time the development partner is being procured. • The heat network proposal has strong alignment with the Corporate Plan's 'Green Investment, jobs and skills' priority. • The heat network is essential infrastructure to support new housing and other developments in the City Centre and will expand to serve a zonal area with an investment of in the region of £400m supporting the creation of jobs and skills in line with the Corporate Plan, supporting the NZAP, JLP and Plymouth Economic Strategy and supporting energy security, decarbonisation and air quality improvements. • Delivery of heat networks is a key element of the city's growth strategy as set out in the Plymouth Plan and the Plymouth & South West Devon Joint Local Plan, and is a key proposal of both the Plymouth Economic Strategy and the Council's Net Zero Action Plan. • Although not specific to the strategic network, the investment would also enable TRP to be connected to the local Civic cluster which will be operational earlier than the wider network. <p><i>The investment will contribute to culture and economy:</i></p> <ul style="list-style-type: none"> • TRP is cultural infrastructure of regional significance. • Unlocking the Arts Council funding will prevent risk of forced closure and help to make the building fit for purpose, enhance artistic and audience experience, and secure its economic resilience. • Safeguarding TRP physical assets protects its ability to deliver 'world-class performing arts and life-changing creative engagement for the 2.1m residents of the South West peninsula'. <p><i>The investment contribute to the city centre:</i></p> <ul style="list-style-type: none"> • City centre transformation is one of the six interconnected workstreams under Team Plymouth. • The workstream seeks 'to deliver a bold and vibrant city centre regeneration programme, including 10,000 new homes and a dynamic mix of residential, commercial, and cultural spaces that will create a city centre that is inclusive and creative'.
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	<ul style="list-style-type: none"> • TRP is a key cultural anchor for the city centre, the city and its wider sub-region. • Leverage off our existing infrastructure and cultural assets is central to our bid for New Town designation with culture and social infrastructure being one of 10 placemaking principles of the New Towns Taskforce.
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SECTION 3: CONSULTATION

Does this business case need to go to CMT	No	Date business case approved by CMT (if required)	n/a
Did a mandate go via CPOG/CPB	Yes	Date Capital Mandate approved by CPB	11/12/2025

Does this project involve a corporately maintained property	Yes
Details of impact of this project ie cost saving from this project or additional requirements	PCC is currently responsible for the external maintenance of the building. The investment would enable a lease renegotiation, which would allow PCC to reduce the building's maintenance liability from 17 to 5 years, with clear long-term financial benefits (potentially £millions).

Climate Impact Assessment

Upload Climate Impact Wheel	Completed 30 th October 2025
Summary of the anticipated impact of the proposal on the climate (including any proposed mitigations and impacts beyond 2030)	The grant will allow the Theatre Royal to upgrade its existing heating system to be more efficient and heat network compatible, and support connection to the Plymouth Heat Network. This will allow decarbonisation of the building by displacing gas boilers through the use of heat pumps/ heat network, reducing GHG emissions, improving air quality and enabling a wider approach to climate resilience. There are no biodiversity impacts associated with the works, no impacts on water quality, no waste impacts and neutral construction impacts associated with this project

Confirm you have engaged with Procurement <i>(All business cases must be discussed with Procurement prior to submission to CPOG. If Procurement have not been consulted on the procurement route, CPOG may not endorse your project to CPB for approval)</i>	Yes
Who have you consulted with in Procurement/ who is your Procurement lead?	Holly Golden
Where an existing contract is to be used could you include the contract title and reference number	[Insert contract name and reference No.]
Procurement route options considered <i>(Procurement Officer to complete this section only)</i>	Not applicable as this is a financial contribution from the CIL infrastructure fund we manage for the city
Recommended Procurement route <i>(Procurement Officer to complete this section only)</i>	n/a

Which Members have you engaged with and how have they been consulted <i>(including the Leader, Portfolio Holders and Ward Members)</i>	Cllr Tom Briars Delve- Cabinet Member Environment & Climate Change. Joint Portfolio Holder meeting 30/10/2025 Cllr John Stephens- Cabinet Member for Strategic Planning and Transport. Joint Portfolio Holder meeting 30/10/2025 Cllr Chris Penberthy- Cabinet Member for Housing, Cooperative Development and Communities. Joint Portfolio Holder meeting 30/10/2025
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Confirm you have taken necessary Legal advice, is this proposal State Aid compliant, if yes please explain why.	In respect of Subsidy Control/ State Aid, this proposal doesn't meet all 4 limbs of the DfT test for a subsidy (as the financial assistance doesn't confer an economic advantage on the Theatre Royal and isn't capable of having an effect on competition or investment within the UK) and therefore it is our view that Subsidy Control doesn't apply in this case.
Who is your Legal advisor you have consulted with?	Richard Hargreaves

Equalities Impact Assessment completed <i>(This is a working document which should inform the project throughout its development. The final version will need to be submitted with your Executive Decision)</i>	Yes
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SECTION 4: FINANCIAL ASSESSMENT

FINANCIAL ASSESSMENT: *In this section the robustness of the proposals should be set out in financial terms. The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole. Exact amounts only throughout the paper - not to be rounded.*

CAPITAL COSTS AND FINANCING

Breakdown of project costs including fees surveys and contingency	Prev. Yr.	25/26	26/27	27/28	28/29	29/30	Future Yrs.	Total
	£	£	£	£	£	£	£	£
Grant to Theatre Royal			£365k	£135k				£500k
Total capital spend			£365k	£135k				£500k

Provide details of proposed funding: *Funding to match with Project Value*

Breakdown of proposed funding	Prev. Yr.	25/26	26/27	27/28	28/29	29/30	Future Yrs.	Total
	£	£	£	£	£	£	£	£
Community Infrastructure Levy			£365k	£135k				£500k

Total funding			£365k	£135k				£500k

S106 or CIL (Provide Planning App or site numbers)	CIL
Which alternative external funding sources been explored	CEIF or Corporate Borrowing
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	<p>Community Infrastructure Levy is a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area.</p> <p>CIL is ‘an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area’ (Paragraph: 001 Reference ID: 25-001-20190901).</p> <p>CIL charging authorities must apply CIL funding to ‘the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area’ (Section 216 of the Planning Act 2008; Regulation 59 of the CIL Regulations 2010).</p> <p>Govt. guidance gives examples: transport, flood defences, schools, hospitals, health and social care facilities, play areas, open spaces, parks and green spaces, cultural and sports facilities, healthcare facilities, academies and free schools, district heating schemes, police stations, community safety facilities (Paragraph: 144 Reference ID: 25-144-20190901).</p> <p>Public administration is not included in this list, this is assumed to be deliberate (general local authority administration is needed regardless of development).</p> <p>‘Information on the charging authority area’s infrastructure needs should be drawn from the infrastructure assessment that was undertaken when preparing the relevant plan (the Local Plan ...) and their CIL charging schedules. This is because the plan identifies the scale and type of infrastructure needed to deliver the area’s local development and growth needs ...’ (Paragraph: 017 Reference ID: 25-017-20190901).</p> <p>With regard to the Theatre Royal proposal, heat network infrastructure is specifically identified in the Joint Local Plan and it’s accompanying Infrastructure Needs Assessment.</p> <p>The heat network and cultural facilities / Theatre Royal are specifically identified as key areas for investment in the Plymouth Economic Strategy.</p>
Tax and VAT implications	The payment of a grant or funding to the Theatre Royal is outside the scope of VAT, since there is no supply to the Council, and so the Council will not incur any VAT on costs relating to this project. There will no impact, therefore, on the Council’s partial exemption position.
Tax and VAT reviewed by	Sarah Scott

Will this project deliver capital receipts? <i>(If so please provide details)</i>	
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REVENUE COSTS AND IMPLICATIONS

Cost of Developing the Capital Project (To be incurred at risk to Service area)

Total Cost of developing the project	£0
Revenue cost code for the development costs	N/A
Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria	N
Budget Managers Name	

Ongoing Revenue Implications for Service Area

	25/26 £	26/27 £	27/28 £	28/29 £	29/30 £	Future Yrs.
Service area revenue cost						
Other (eg: maintenance, utilities, etc)						
Loan repayment (terms agreed with Treasury Management)						
Total Revenue Cost (A)						
Service area revenue benefits/savings						
Annual revenue income (eg: rents, etc)						
Total Revenue Income (B)						
Service area net (benefit) cost (B-A)						
Has the revenue cost been budgeted for or would this make a revenue pressure						
Which cost centre would the revenue pressure be shown				Has this been reviewed by the budget manager	Y/N	
Name of budget manager						
Loan value	£	Interest Rate	%	Term Years	Annual Repayment	£
Revenue code for annual repayments						
Service area or corporate borrowing						
Revenue implications reviewed by						

Version Control: *(The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)*

Author of Business Case	Date	Document Version	Reviewed By	Date
	00/00/2020	v 1.0		00/00/2020
	00/00/2020	v 2.0		00/00/2020
	00/00/2020	v 3.0		00/00/2020

Service Director

Either signed:		Date 04 February 2026
Or Email date:		Date