

REPORT OF THE CITY DEAL AND GROWTH DEAL ADVISORY BOARD**TO****BLACK COUNTRY EXECUTIVE JOINT COMMITTEE – 3 December 2014****BC LOCAL GROWTH DEAL PROJECT APPROVAL RECOMMENDATION**
– GROWING THE WOLVERHAMPTON CITY CENTRE CULTURAL AND EVENTS OFFER

Key Decision: Yes**Forward Plan:** Yes

1. PURPOSE OF REPORT

- 1.1 To present the recommendations of the Advisory Board in relation to Growing Wolverhampton City Centre Cultural and Events Offer, seeking permission to proceed to grant agreement by the Accountable Body (Walsall Council) as set out below in section 2.

2. RECOMMENDATIONS

- 2.1 The Joint Committee grants approval for the Accountable Body for the Growth Deal (Walsall Council) to proceed to a Grant Agreement with Wolverhampton City Council to deliver the Local Growth Fund (LGF) funded element of the 'Growing the City Centre Cultural and Events Offer' – with delivery to commence in the 2015/16 financial year.

3. REPORT DETAIL

- 3.1 The Joint Committee received a report on the 17th September setting out the background and work so far in the development of the Black Country Growth Deal Round 1, approving a way forward for the 15 projects involved, set out in section 3.6 of that report, which utilises their individual RAG ratings and recommendations from the Advisory Board to the Joint Committee.
- 3.2 To ensure that these RAG ratings are as accurate as possible, each projects business case has been further scrutinised by specialists and officers (October 2014), culminating at the Advisory Board Star Chamber on the 10th November 2014, where representatives from 13 of the 15 projects were further questioned by members of the Advisory Board and the Working Group of the Joint Committee. The remaining two projects were scrutinised at the Advisory Board on 19th November.

- 3.3 The recommendation of the Advisory Board, set out in section 2 is based on the RAG ratings considered by the Star Chamber attached as Appendix 1, being Green and the process presented to the Joint Committee on the 17th September in section 3.6.

4. FINANCIAL IMPLICATIONS

- 4.1 The costs associated with this development work and the delivery of projects that form part of the LGF round 1 will be covered by allocations from government associated with this programme. This includes the use of any interest accrued by the Accountable Body to cover costs associated with the delivery of Accountable Body functions, as approved by its (Walsall Council) Cabinet on the 29th October 2014.

5. LEGAL IMPLICATIONS

- 5.1 The appropriate Grant Agreements are being prepared by the Accountable Body (Walsall Council) and will include all conditions passed onto the LEP by Government, together with all terms, conditions, performance measures and sanctions as required by the approvals/conditions received from Government or approved by the LEP board or the Joint Committee.

6. RISK MANAGEMENT

- 6.1 Risk is being managed through the on-going assessment of individual projects and their ability to deliver the required spending profiles and outcomes for the programme as required or agreed with Government and set into place by the LEP board or the Joint Committee.

7. EQUALITY IMPLICATIONS

- 7.1 None at the time of drafting

Back Ground papers

The Black Country Strategic Economic Plan (SEP)

Business Cases for each Individual Project

Attachments

Appendix 1 – Growing Wolverhampton City Centre Cultural and Events Offer Project Headlines and Outline Business Case RAG Rating



Black Country Executive Joint Committee
Dudley, Sandwell, Walsall and Wolverhampton

ITEM 16

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Appendix 1 – Growing Wolverhampton City Centre Cultural and Events Offer Project Headlines and Outline Business Case RAG Rating

Project Description

- A £6.6m investment supporting an overall £18.8 million investment to transform Wolverhampton city centre's Cultural and Events offer.
- A major refurbishment and extension of the Civic Halls, coupled with adaptations to the Grand Theatre.
- The project will address the barriers to the growth and viability for both of these key venues.

Start date: Detailed designs and tender specifications are programmed for completion in June 2015 followed by the appointment of a Main Contractor in Autumn 2015. Start on site is scheduled for January 2016, to enable December 2015 Grand Slam of Darts to go ahead prior to closure of the main Hall. Practical completion is programmed for June 2017.

Headline Outputs Include: Investment in the Cultural and Business visitors' Events Offers in the City, that will generate; 100 new jobs, safeguard 60 direct jobs, assist 1350 local businesses and provide opportunities for 2730 learners.

Funding Profile: Total project cost estimated at £18.8m, of which £10.6 million is capital and £8.2 million is revenue. LGF request totals £6.6m, of which, £1.5m is to be spent during 2015/16, with £3m during 2016/17 and £2.1m during 2017/18, an intervention rate around 30%.

October 2014 Update and Revised RAG Rating

PROJECT MANAGEMENT

Retained Green rating throughout, with their design team appointed, OJEU procurement planned to commence in January 2015, contractor to be appointed June 2015 and start on site January 2016. Opening date programmed for April 2017.

ECONOMIC OUTPUTS

Outcomes currently include 100 new jobs, derived primarily from Intermediate Labour Market (ILO) organisation. Details are currently being developed against this and other outcomes.

FUNDING

WCC funding of £3.5m has been confirmed, including an additional contingency of £0.7m.

OVERALL RATING PROPOSED

GREEN

Recommendation – Move to Grant Agreement

OUTLINE BUSINESS CASE (Including October Revisions)

PROJECT TITLE: Growing the City Centre Cultural & Business Events Offer

PROJECT SPONSOR: Wolverhampton City Council

October 2014 Re-Assessment Update and Outstanding Scrutiny Issues

PROJECT MANAGEMENT

- Design team appointed. OJEU procurement to commence January 2015, contractor to be appointed June 2015 and start on site January 2016. Opening date programmed for April 2017.

ECONOMIC OUTPUTS

- Job outputs (100no.) derive primarily from Intermediate Labour Market organisation. Details are currently being developed.

FUNDING

- WCC funding of £3.5m has been confirmed, including an additional contingency of £0.7m.

July 2014 Assessment

PROJECT MANAGEMENT

Senior Responsible Officer (SRO): Keren Jones, Assistant Director, Partnerships, Economy & Culture

The project will be managed by the City Council in accordance with its Major Projects Board governance framework. A full time project manager will be appointed with day-to-day responsibility for project delivery together with a dedicated team of technical advisors. Refurbishment works will be tendered in accordance with the City Council's standing orders. The intention is to let a traditional form of contract based on a detailed design specification.

A detailed programme has been provided with key milestones and project interdependencies identified. Concept designs and condition surveys will be further refined prior to the appointment of the design team in August 2014. Detailed designs and tender specifications are programmed for completion in March 2015 followed by the appointment of a Main Contractor in June 2015. Practical completion is programmed for June 2017.

A risk register has been provided. The key risk of accessing suitable temporary accommodation to enable business continuity has been removed as the project has been effectively scaled down during the feasibility and business case development process. Planning and Listed Building Consent will be required but this is considered to be a low risk based on discussions with the Local Planning Authority.

ECONOMIC OUTPUTS

The delivery of key economic outputs (profiled below) is dependent upon the performance of the venue and are derived from a number of independent audience demand assessments and supported by a detailed options appraisal.

Headline outputs	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Jobs created	0	0	0	50	25	25	100
Jobs safeguarded	60	0	0	0	0	0	60

Business assists	150	150	150	300	300	300	1350
Learner assists	280	280	280	630	630	630	2730

Job outputs comprise of existing operational jobs safeguarded (including annualised contracts for part-time and temporary posts) and new jobs created through an ILM project which will also contribute to the number of learner assists. A link with Wolverhampton College will provide workplace based training in partnership with local suppliers through a 'Backstage Academy' and business assists will focus on marketing support for SMEs in the cultural and creative industries sector.

There remains a minor discrepancy in the calculation of jobs created/safeguarded. The LEP submission for the Growth Deal identifies 160 jobs created on no jobs safeguarded and the City Council has agreed to provide further clarification in this respect. The City Council has committed to further developing and strengthening its systems and processes for ongoing data collection to measure and monitor these impacts for LGF purposes.

FUNDING

The total LGF funding (profiled below) is as originally requested, however the profile of LGF funding has now changed with reduced funding in 2015/16. A revised expenditure profile has been provided and a profile of monthly LGF spend for 2015/16 to account for this change has been requested.

The City Council has allocated match funding of £3.5m to the capital cost of the project and is actively seeking to secure private sector investment of £0.3m towards hospitality facilities to reduce its overall funding requirement. The project is not dependent upon other public sector match funding but the opportunity exists to bid for EU and Heritage Lottery Funding and consideration would need to be given as to how any additional funding secured might reduce the City Council's financial commitment or the level of LGF funding. The City Council has provisionally set aside funds for preparatory works in 2014/15 to maintain the proposed development programme.

LGF spend profile	2015/16				All 2015/16	Future years	Total LGF
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar			
	tbc	tbc	tbc	tbc			
					£1,500,000	£5,100,000	£6,600,000

The ongoing financial sustainability of the project is dependent upon achieving forecast attendance levels and associated income streams. The City Council has forecast that the project can deliver additional levels of commercial income to the extent that the venue will become financially self-sufficient and not require on-going operational subsidies.

KEY ISSUES & RISKS

Overall risk rating: 

This project has a well-developed business case. A detailed programme is in place, City Council funding is secured and ongoing value engineering will seek to ensure that the project can be delivered within the projected budget.

Output assumptions appear robust and well thought through as a means of maximising the economic role and impact of the project alongside its cultural benefits for the Black Country.

As with any project of this nature, market risks remain. However, this is a known business with an established market profile – increased interest from promoters and potential commercial partners has already been generated. Nevertheless, a clear mechanism will be required to monitor delivery progress and delivery of projected economic outputs in line with LEP requirements.