

Attendance

Members of the Scrutiny Board

Cllr Paul Sweet (Chair)
Cllr Philip Bateman MBE
Cllr Rita Potter
Cllr Wendy Thompson
Cllr Simon Bennett
Cllr Zee Russell
Cllr Ellis Turrell (Vice-Chair)
Cllr Barbara McGarrity QN
Cllr Udey Singh
Cllr Jacqueline Sweetman
Cllr Carol Hyatt

In Attendance

Cllr Stephen Simkins (Cabinet Member for Inclusive City Economy)

Employees

Martin Stevens DL (Senior Governance Manager)
Tim Johnson (Chief Executive)
David Pattison (Chief Operating Officer)
Charlotte Johns (Director of Strategy)
Richard Lawrence (Director of Regeneration)
Alison Shannon (Chief Accountant)
Helen McGourlay (Finance Business Partner)
Laura Noonan (Electoral Services Manager)
Ian Cotterill (Audit Business Partner)
Shamsher Zada (Lead Lawyer)
Earl Piggott-Smith (Scrutiny Officer)

Part 1 – items open to the press and public

Item No. *Title*

- 1 **Apologies for absence**
Apologies for absence were received from Cllr Louise Miles, Cllr Val Evans and Cllr Susan Roberts MBE.

Cllr Carol Hyatt was officially substituting for Cllr Louise Miles.

It was advised that Cllr Udey Singh would attend the meeting but would arrive late.

2 **Declarations of interest**

There were no declarations of interest.

3 **Minutes of the meeting held on 14 June 2022**

Resolved: That the minutes of the meeting held on 14 June 2022 be approved as a correct record.

4 **Minutes of the meeting held on 26 July 2022**

Resolved: That the minutes of the meeting held on 26 July 2022 be approved as a correct record.

5 **Performance and Budget Monitoring 2022-2023**

The Director of Strategy introduced the Performance and Budget Monitoring 2022-2023 report. The report set out the performance against the Our City: Our Plan indicators for quarter 1, 2022-2023. Some of the indicators were the specific responsibility of the Council whereas others linked more broadly into wider systemic issues which the City were facing. There were 61 performance indicators within the Our City: Our Plan framework. Three Quarters of the 57 of the indicators which could be updated in quarter 1, showed improvement or sustained strong performance. There were also some areas where performance could be improved such as youth employment and Wolves at Work 18-24. A key part of the approach was to link performance with key financial and budget information.

The Chief Accountant referred to section 4 of the report. They were currently forecasting a potential overspend of £5.4 million. This was predominately down to the proposed pay award, which was out for consultation with the Unions. When the budget had been set earlier in the year, they had made provision for a 2% rise, whereas the proposed pay award was in excess of the forecast figure and consequently was causing a budget pressure. There had also been additional costs due to inflation and this pressure was captured in the forecast detailed in appendix 2. Work was ongoing to see how the Council could address the in year cost pressures. This would include looking at underspends across the Council and reviewing budgets held corporately, which had been set aside for new initiatives. The review meant it could lead to new initiatives being delayed or not coming to fruition. An update to Cabinet would be provided in the Quarter 2 report to Cabinet in November.

A Panel Member remarked that the report stated that the attainment 8 score was average, she asked what the average was. The Director of Strategy promised to send the information through to the Board.

The Vice-Chair referred to paragraph 3.2 in the report, which used the word austerity. He was not aware of any official austerity at the present time and so asked why the word had been used. He also asked if some of the reserves the Council held, amounting to £70 million could be allocated to areas which were in need of more resource. The Chief Accountant responded that the £13.7 million in the General Reserves Budget was about 5% of the net budget, which was considered to be good practice. The other reserves were going to be considered by the Specific Reserves Scrutiny Working Group and so Members would have an opportunity to make recommendations during the course of that meeting.

A Panel Member commented that paragraph 3.78 of the main report referred to a recent study naming Wolverhampton as one of the top three places in the country to launch a new business. She asked when the study was undertaken and what metrics the report was based on. She asked about the establishment of the new businesses support programme which the Council were working on with WMCA, key partners and stakeholders. She wanted to know when the work would start and be completed and how it would impact on the regeneration plans for the City. She hoped some information could be presented in the future on MIPIM. She asked how many leads resulted as a consequence of attendance and the return on the investment in the conference and other conferences the Council attended, which had the aim of attracting investment.

The Director of Strategy responded that the current European Funding ended at the end of the financial year and so a new scheme would naturally commence at the start of the new financial year. The Cabinet Member stated he could provide some information on the leads from MIPIM to Scrutiny Board Members.

The Vice-Chair asked for some further information on the communications budget, which was forecasting a 15.5% overspend due to a reduced income within the service. He asked for Scrutiny Board Members to be provided with information as to what was causing the reduced income. The Chief Accountant responded that she would send the information to Board Members.

A Panel Member commented that it should be made clear in reports that the i54 was on Staffordshire land rather than Wolverhampton's. She understood it was a partnership but the site was not located in the Council's Local Authority Area.

6 **Forward Plan of Key Decisions**

The Vice-Chair suggested that the Strategic Asset Plan coming before Cabinet in January 2023 could be an item for pre-decision scrutiny. In addition, he asked for it to be considered if the Housing Asset Management Strategy could be scrutinised by the Residents, Housing and Scrutiny Panel before it went to Cabinet in February 2023. He asked about the plans for the Black Country Plan which was no longer on the agenda for the forthcoming Cabinet Meeting, which he assumed was due to Dudley pulling out. He commented that the plan had the UK Shared Prosperity fund scheduled to come to the Cabinet Resources Panel in the following week, but it was not listed on the agenda for that meeting. He asked for clarification on the Leisure PFI Contract which had been on the forward plan but was no longer listed.

The Chief Operating Officer responded that there was a report due to come to the Resources and Equalities Scrutiny Panel in December on Strategic Assets and so he would ensure that information on the Strategic Asset Plan formed part of the item. A report updating the Council's position on the Black Country Plan would be coming to Cabinet in the near future. Dudley had signalled their intent to withdraw and it would be going to their Cabinet meeting for the official decision. The Leisure PFI contract had been on the forward plan but there was a delay with obtaining approval from the Treasury. It would be added back onto the forward plan as soon as possible.

The Director of Strategy confirmed that the UK Shared Prosperity Fund item was now intended to come to Cabinet Resources Panel in November due to the WMCA not considering the item until October.

There was a discussion about the Black Country Plan. The Chief Operating Officer confirmed that the public hearing for Tong had been set as the 17 January 2023. Members would be kept informed about the process.

7 **Scrutiny Work programme**

The Vice-Chair asked for the Chair and Vice-Chair of the Residents, Housing and Communities Scrutiny Panel to consider bringing the item on trees scheduled for the February 2023 meeting of the Panel to be brought forward to the November meeting.

8 **City Regeneration / Civic Halls**

The Cabinet Member for Inclusive City Economy introduced the item on City Centre Regeneration / Civic Halls. He was thrilled that the Civic Halls would soon be open to the public again with a world class operator in AEG.

The Director of Regeneration stated that the Civic Halls had been built in 1938 and had been listed by the Secretary of State in 1992 on the advice of English Heritage. The Council had a legal obligation to preserve the building. It was vital to the City's cultural economy. It was an economic anchor and formed part of the Council's Investment Prospectus. The Investment Prospectus was commercially led, originally undertaken by CBRE in 2017 and updated in 2019. ARUP had started work in 2022 to provide an independent commercial viewpoint of the opportunity areas within the City. Handing over the Civic Halls to AEG to commercially run was fundamental to delivering the economic ambitions of the City and securing future investment. He referred to a number of recent successfully delivered regeneration projects within the City such as the i9, i10 and art gallery refurbishment.

The Director of Regeneration detailed the timetable of the Civic Halls refurbishment. An initial light touch programme had commenced in March 2014. The improvement project had began with the appointment of design and cost consultants Jacobs to produce design scope for a light touch refurbishment. Their focus was on designing additional seating capacity, upgrading electrical and mechanical systems, asbestos removal, refreshed bars and improve accessibility. In June 2015 Gleeds had been appointed as Project Managers to deliver the works. It had been the intention to carry out works whilst the building was still operational and so it was agreed there would be periodic closures to allow the work to be undertaken. In December 2015 the Civic Halls closed for phase one asbestos and electrical / mechanical works. In July 2016, Cabinet Resources Panel agreed to appoint Shaylor to undertake light touch refurbishment. In October 2016 the Halls reopened for 140 events including the Grand Slam of Darts.

The Director of Regeneration stated that in January 2017, the Halls closed for phase two light refurbishment works. It had been at this point where there was unforeseen asbestos which had to be removed as well as counter terrorism works due to recent events in 2017. This led to further design changes and a full review of the project. In October 2017, the Civic Halls reopened and 59 shows were put on before closing again in January 2018 for major works and since this time it had remained shut.

The Director of Regeneration commented that a key date in the timeline was in January 2018. This was when Cabinet Resources Panel agreed a totally new project

to commence for a full comprehensive restoration via a design and build contract with Shaylor Group. In June 2018 the lessons learnt report was undertaken. Management action and recommendations were implemented and Jacob and Gleebs were removed from the project. In January 2019 new professional advisors Faithful and Gould were appointed together with independent risk assessors EQUIB. In June 2019 Shaylor Group collapsed and entered administration, causing a 6 month unforeseen delay to the programme.

The Director of Regeneration stated that in September 2019, a new contractor procurement process began after professional advice had been sought. On the 2 December 2019 the Council entered into contract with Wilmott Dixon to undertake early works. In March 2020 the operator procurement process commenced. Between 30 April 2020 and 1 July 2020, the Covid pandemic forced a three month closure of the site. The pandemic caused supply change shortages and a further cost to the programme. On 28 July 2020, the Council entered into main contract works with Wilmott Dixon to undertake the full restoration.

The Director of Regeneration remarked that in December 2020 the Future High Street Funding was successful and the public realm contractor procurement process began. In February 2021 AEG / ASM Global were selected as the preferred provider. In June 2021 the Future High Street Fund grant agreement was put in place to deliver the public realm element of the project. In November 2021 the works on the public realm commenced and the agreement for lease with AEG was signed.

The Director of Regeneration presented a slide on the Civic Halls building conditions and unforeseen challenges. Existing structural steel columns and beams were delaminated requiring extensive repair and replacement. The parapet walls to all elevations had to be redesigned with existing steel having to be replaced. Coping stones and brickwork were also replace due to their condition. Due to the ground conditions being unsuitable for a traditional foundation design, the contractor reverted to a piling solution to accommodate new structural steels. Additional asbestos was also discovered as construction progressed, which needed to be removed. There were further archaeological discoveries including hidden cellars and a 14th century road under the building. There were numerous structural discoveries including chimneys and unidentified steel structures. The professional team advised that all of the issues required re-design and changes to the original contract scope.

The Director of Regeneration added that the issues with the Civic Halls were not unique to Wolverhampton. The Bristol Beacon, formerly the Colston Halls, had seen costs double to £107 million due to similar issues. The plans had been announced in 2017 and it was scheduled to reopen in October 2023. The Derby Assembly Rooms had stalled after a fire in 2014 and the latest cost was estimated at £45 million.

The Director of Regeneration presented slides on the operational phase with AEG. On 7 September 2022, the Cabinet had approved the contract variation giving the green light to AEG for a final fit out and to begin their operations. On 10 October AEG opened bookings and began marketing the Halls, Wolverhampton. It was expected that in November 2022 the completion and handover to AEG would occur so they could complete their final fit out to bars and catering areas and other finalising works. In December 2022 the Public Realm improvement would be completed in time for opening of the Halls and community focused events organised

by the Council in the revamped Halls. From Spring time next year, AEG would begin recruiting their permanent staff and would be using the Wolves at Work Programme. Training of staff would commence in time for AEG to hold test events in the Spring to prepare for commercial opening. It was expected in June 2023 that headline acts would return as part of a new commercial programme. It was anticipated that the Civic Halls would bring 300,000 visitors a year to the City Centre, creating £10 million a year in economic benefit and create and sustain hundreds of jobs.

The Chief Operating Officer stated that the 7 September 2022 Cabinet report outlined the fact the Council had received professional advice from advisors, that due to additional further compensation events under the contract, the contract cost would exceed the budgeted amount to finish the contract. As a consequence further authority was needed to ensure the Council acted lawfully and had authority to spend the money should it be needed. It did not mean that the money would necessarily be incurred and spent, but authority was required for in the event that funds were needed. Decisions on compensation events were made by an independent person. Work had been transferred from the current contract to AEG for the project to be completed. To cover AEG costs and additional contract budget pressures, a £5 million increase had been approved to the existing budget. Detailed legal and professional advice had been provided throughout. The Council would continue to hold the contractor to the terms of contract and protect its position legally.

Several Panel Members praised what they had seen on their site visit to the Civic Halls on the previous day. They had been impressed with the quality of works.

A Panel Member commented that the site visit had been interesting and it was clear there was significant fitting out still to be completed. She was no longer certain as to the final cost of the project. She did not believe that the Civic Halls could be open in June next year. At the last Council Meeting though it had not been made clear of a revised opening timetable. She asked why the building had been listed in 1992 and if the Council realised the implications of the listing. She commented that the Train Station had an overspend of £70 million the cost of which was divided by the West Midlands Combined Authority and the Council. The Market initially had a budget of £2.5 million and the cost had doubled to £5 million. The Art Gallery project had gone over budget and had caused concern to her. She raised a concern about the delays to refurbishing buildings due to asbestos and the need to take this into account when dealing with old buildings. She highlighted the importance of a repairs and maintenance budget to ensure the good upkeep of buildings and to reduce costs in the future.

The Director of Regeneration stated that no surveys were needed to list a building. English Heritage had advised the Secretary of State that the building be listed because of its historical merit. The cost of the project was £48 million there was a borrowing cost which would be met by various revenue streams. It was a completely different project to the one that had started in 2016. The Chief Operating Officer added that there was no requirement for the Government to consult the owner of a building about whether it should be listed. The initial advice on asbestos at the Civic Halls had not been accurate, they had not realised the full extent of the asbestos at the Civic Halls. Some of the works were not down to bad maintenance but a need to upgrade to modern standards. They also needed to improve the capability and accessibility of the venue including compliance with new building regulations and equalities law.

A Panel Member raised a concern that the Cabinet report had been exempt, whilst he understood the reasons, he felt it was important that the public were informed about the latest developments in the project. This was why he and other Councillors had called for an item at Scrutiny Board in public session and for information to be released into the public domain. He was critical of the Civic Halls refurbishment project and felt the presentation did not highlight any mistakes that had been made. He read out some of the critical comments the public had written on social media regarding the project.

The Cabinet Member for Inclusive City Economy responded that it was important to look forward and to be excited about the potential of the Civic Halls which would soon be open. The Civic Halls budgets had gone through the audit processes and had been legally set throughout the course of the project. No one could have predicted that a pandemic would have taken place at the time it did during the refurbishment works.

The Chief Executive stated that the lessons learnt report that had been completed led to a number of changes in how the project was ran. Governance had been improved and risk assessment. He welcomed lessons learnt and he felt it would be appropriate if the Audit and Risk Committee wanted to commission a further lessons learnt report about the project. Transparency was important so lessons could be learnt, which would be helpful moving forward with the management of further capital projects in the City.

A Panel Member referred to the report which spoke of the refurbishment works guaranteeing the success of the Civic Halls for a further century. He asked for more information on what this phrase meant. He also asked about a scenario where AEG came to fit out the Halls and found problems with the works from the contractor Wilmott Dixon. He asked what would happen should this occur. He also asked for assurances that the Council's relationship with AEG would not break down.

The Chief Operating Officer assured Members that the Council's relationship with AEG was very strong. He felt it appropriate for the Audit and Risk Committee to consider some of the other points raised during the debate. The Committee would be considering the Civic Halls at their meeting on the 28 November 2022. The External Auditor would also be looking at it from a value for money perspective. The lease with AEG included AEG carrying out maintenance and repair work of the building. The Director for Regeneration added that the Council and AEG were carrying out snagging with Wilmott Dixon prior to them taking over the building. He clarified that Faithful and Gould were Project Management Consultants, who the Council had relied on for their advice.

A Panel Member referred to the fact that the Civic Halls had been refurbished in 2001. This had been a £10 million project and completed by Penoyre and Prasad. He stated that the integrity of the building should have been assessed in 2001. He asked if there would be another budget increase for the project given the fact that there had been increases in the past. He had been assured at Full Council in the past of no further budget increases.

The Chief Operating Officer responded that the Council was relying on professional advice and that was why the extra budget had been requested. He hoped that not all

of the extra amount requested would be needed. He was certain the Audit and Risk Committee and the Council's external auditors would explore the lessons to be learnt for future capital projects.

A Panel Member stated that the Civic Halls had even been controversial before it was built. Elected Members had only voted 19 – 16 in favour of its construction. He was confident that the Council were taking all the right steps legally and to ensure it was a great asset to the City and the West Midlands region.

A Member of the Panel praised the history of the events held at the Civic Halls in the past. She looked forward to it be opening again in the future.

Several Members raised the importance of scrutiny of capital projects and the need to obtain value for money. Accountability and a critical friend approach was important. A Panel Member asked if a Ticket Levy had been approved as the idea had been referred to in reports previously about the Civic Halls. The Director of Regeneration responded that the Council were awaiting to hear from AEG on this matter.

The Vice-Chair asked why the Civic Halls was only an Amber risk on the Strategic Risk register and not red, particularly given the recent increase in the budget which he had not been expecting. The Chief Operating Officer responded that the Civic Halls would be considered by the Audit and Risk committee later in November. The Vice-Chair commented that it was not Audit and Risk that made the decision as to the level of risk, it was a decision for the Cabinet. Given that there was no assurance of the final cost of the project and recent developments, he felt it was a huge risk. He proposed that Scrutiny Board recommend to Cabinet to move it from an amber risk to a red risk. The motion was seconded but ultimately lost.

A Panel Member praised the facilities of the new Civic Halls and the improved accessibility for disabled people. The extra seating capacity and WI-FI capability was excellent. The Lantern Bar was particularly impressive.

A Panel Member commented that there were a number of strategic issues with the Civic Halls project that were still in embryo. She was unclear as to how many compensation events there were and how many could be projected going forward. There were deeper questions to ask on this point which could be done in a cross-party separate meeting. She proposed a further report on the Civic Halls project to be received by the Scrutiny Board at an appropriate time in the future.

The Chief Operating Officer commented that the number of compensation events were significantly reducing. Audit and Risk Committee would be considering the process at a future meeting, as would the external auditors.

A Member of the Panel asked why the name had changed from the Wolverhampton Civic Halls. Residents were against the re-brand, he asked why the name had changed, whether there had been any consultation with the public and if the Council could veto any name change. The Director of Regeneration responded that AEG as part of the procurement process were able to look at naming rights. They wanted to take the Halls to the next stage and had long-term aspirations. Income generation opportunities over the name could be possible for AEG in the future. It was up to AEG on how they went about naming the Civic Halls.

A Panel Member moved a recommendation that the names should remain as the Civic Hall and Wulfrun Hall respectively and not as it was currently being referred to by AEG as, "The Halls." The motion was seconded and ultimately lost.

A Panel Member expressed a general concern about IEDNs (Individual Executive Decision Notices) and exempt papers. She asked for Officers to review the processes in the future. She expressed a concern about the cost of borrowing increasing. The delays in the project had meant further costs to the public. The Chief Operating Officer commented that as soon as AEG had signed the contract, he was able to release information into the public domain from the exempt Cabinet report. Exempt reports could only be exempt for good reason and falling under legal categories. The borrowing cost for the project he understood would be met from the income revenue from AEG and other sources.

A Panel Member asked if the decision on the final name of the Civic Halls would go to Full Council. The Chief Operating responded that the terms of the contract had been made by Cabinet. The decision awarding naming rights to AEG had already been made by Cabinet. The final name had not yet been put forward by AEG.

There was a discussion about lost revenue through the Civic Halls being shut and the national economic situation.

The Vice-Chair spoke about reputational damage to the Council through the Civic Halls project issues. He commented that the Opposition Group of the Council would be asking the Council's external auditors to complete a Public Interest Report on the Civic Halls. This had been done for Robin Hood Energy in Nottingham.

The Chair concluded the debate by commenting that it was clear Senior Officers had a willingness to be open and transparent about the project. It would be going to Audit and Risk and the Scrutiny Board had resolved to bring a further report in the future on the project. He looked forward to the announcements as to who would be appearing at the venue next year and it opening to the public in June 2023.

Resolved: That a further report on the Civic Halls be received by Scrutiny Board in the future at an appropriate time.

The meeting closed at 8:41pm.

