

Economy and Growth Scrutiny Panel

Minutes - 27 September 2023

Attendance

Members of the Economy and Growth Scrutiny Panel

Cllr Qaiser Azeem
Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Ciaran Brackenridge
Cllr Jenny Cockayne (attended as substitute)
Cllr Claire Darke
Cllr Jasbinder Dehar
Cllr Harbinder Singh
Cllr Udey Singh (Vice-Chair)
Cllr Jacqueline Sweetman (Chair)
Cllr Ellis Turrell

In Attendance

Cllr Bhupinder Gakhal (Cabinet Member for Visitor City)
Cllr Simon Bennett
Cllr Wendy Thompson

Employees

Richard Lawrence (Director of Regeneration)
Ian Feagan (Director of Vibrant City)
David Pattison (Chief Operating Officer)
Lee Booker (Scrutiny Officer)

Part 1 – items open to the press and public

Item No. *Title*

- 1 **Apologies**
Apologies for absence were received from Cllr Celia Hibbert and
Cllr Iqra Tahir.

Cllr Jenny Cockayne substituted for Cllr Iqra Tahir.

2 **Declarations of interest**

There were no declarations of interest.

3 **Minutes of previous meeting**

Resolved: That the minutes for the meeting held on the 27 June 2023 be approved as a correct record.

4 **'Event City': a new five-year event strategy for Wolverhampton**

The Member for Visitor Economy raised the relevance of events in the City and explained how they benefitted the City's economy, culture & social well being. Further work was being done to further add to the City events.

The Director of Vibrant City began the presentation (a copy of which is attached to the signed minutes) by linking up the Event plan to the wider City Objectives and Strategies. He displayed a video to the Panel which showed the diverse nature of events that occurred in the City from 2022 up until the day of presentation. These included the Commonwealth games, music events, religious cultural events and Wolverhampton Pride. He confirmed to the Panel that the visitor economy had returned to pre-pandemic levels with the City hosting over 1000 events in the past year, of which the Wolverhampton Wanderers football team, The Grand Theatre, the newly re-opened Halls (formerly known as the Civic Hall) and the racecourse were highlighted for the large number of visitors they brought to the City.

The Director of Vibrant City highlighted the Council's contributions through investment into arts, culture and City events. He stressed the importance of events, as well as the complexity and cost in working towards these events. He said partnership working was extremely important as it could not be a "Council fixes all" approach. He discussed the "events ecology" of the City, which looked at the City's role in international, national and regional event hosting. Focus on better communications/advertisement with customers as well as enabling easy transport access to the City were key areas for strategy highlighted. Working with partners to increase the City's customer retainment through improving the City's infrastructure, transport, hotel availability were emphasised. Visitor numbers 2022 showed 92% percent of the City's visitors were day visitors so there was a desire to increase those staying over night. He informed the Panel of opportunities available for the next 3 years, these included secured grant funds from: the Towns Fund, The United Kingdom Shared Prosperity Fund (UKSPF), Arts council NPO funding and the Arts Council Uplift fund.

The Chair thanked the Director of Vibrant City and informed the Panel that a Task & Finish Scrutiny Review Group would be occurring in the near future on the City night time economy.

A Panel member praised the report and celebrated the cultural diversity of Wolverhampton and the events reflecting that. She was pleased at the job creation from these events.

A Councillor expressed praise for the report but added a general criticism/observation that he felt the voluntary sector needed more support and promotion. He discussed his own volunteer work with a local Canal Club and talked at length about the canals Wolverhampton had to offer. He argued that these areas

were hidden contributors to the economy, as people travelling in canals for leisure would set up near the City whilst passing through and spend money. He recited figures about the Canal Festival, its success and mentioned this should have been mentioned in the report also.

The Vice Chair agreed with the Councillor and added that he felt it would be a good inclusion to the strategy to consider events within Wolverhampton that occurred outside of the City. He raised inconsistencies he found in the figures within the report and presentation and asked the Director of Vibrant City to explain why the figures were not consistent throughout. He wanted to know also if the Council were able to host their own events at the Halls.

The Director of Vibrant City explained that the Halls had now been taken over by EAG and that it was now a commercial enterprise with the running decided by them. He said it was not impossible for the Council to use the Halls, but this would require working with partners.

A Councillor said the report was a welcome remedy to negative comments other Councillors had made about the City. He read numerous figures about well attended events and money generated from them. He wanted to know if the figures showing that a high percentage of people only visited the City for the day was down to consumer choice or because of a lack of accessible accommodation within the City.

The Director of Regeneration noted that an item on Hotels was set to come to Scrutiny in the future and said more information on this would be available then.

A Panel member wanted to know what was occurring with the Creation Day Festival. He also wanted to know if the Council asked local residents what they wanted in the City rather than trying to attract external customers.

The Director of Vibrant City said they had used data and research from local sources and that the Council was using customer feedback to target and deliver what people wanted. He said it would be difficult to discuss Creation Day due to the legal discussions which were on going but he would give an update when it was possible to do so.

5 **National Brownfield Institute & Green Innovation Corridor**

The Director of Regeneration opened the presentation (a copy of which is attached to the signed minutes) by introducing the National Brownfield Institute (NBI) which, located in Wolverhampton, was a research centre which aimed to develop modern methods of building. It focused on utilising and repurposing brownfield sites. It was a part of the Council's "Green Innovation Corridor" and worked in partnership with the University of Wolverhampton. General information about its year long history was covered. The Green Innovation Corridor was part of a broader regional strategy, developed in partnership with the West Midlands Combined Authority and its member Councils. As part of a National Government policy to create Investment Zones which had investment and tax schemes to attract business, Wolverhampton's Green Innovation corridor was a non-taxed site. The Director of Regeneration informed the Panel that there were plans to open up New Commercial Floorspace at the Springfield Campus site which would aid the strategy of providing opportunities for businesses and growth in the City as part of the Green Innovation Corridor. An announcement around the Investment Zones from Government was due to be

delivered in Autumn 2023.

A Councillor stated he felt the NBI was putting Wolverhampton on the map and helping it become a centre for excellence when it came to developing modern construction methods.

A Councillor asked the Director of Regeneration to talk to the Panel about the connectivity to the sites for pedestrians and cyclists, as they felt it was a challenge to get across Stafford Street and the Ring Road to the site. She felt it was important to move society away from car reliance and wanted to know what was being done to enable people to take alternative methods of transport around the City.

The Director of Regeneration explained that changes to the transport infrastructure were part of a longer term plan and would be dependent upon the investment attracted into the area.

6 **Former Heath Town Baths**

The Director of Regeneration began the presentation (a copy is attached to the signed minutes) with a chronology of the Heath Town Baths development. A grade 2 listed building opened in 1933, it closed in 2006 and had been left derelict; it had been subject to anti-social behaviour such as deliberate arson. A procurement exercise was initiated by the Council to hire an private advisor to under-take a strategic marketing review to find a special purchaser for the site. After several bids, Gaddu Associates were the approved bidder by Cabinet in 2017 to develop the site in consultation with the Council. The proposal by Gaddu associates was the re-development of the Heath Town Baths site, developed in consultation with Historic England and the National Lottery Heritage Fund, to provide nursery space, training and conference rooms, business start up spaces and community function rooms. A Skills and Employment Plan had been agreed and worked on by the Council's Wolves At Work team which would support the site. Gaddu Associates had ran public consultation events alongside the Council in 2022 to help recover momentum lost from the Covid-19 lock down period. An overwhelming response was recorded by the local Heath Town population. The planning application was approved in January 2023 by the Cabinet. The Council and Gaddu Associates aimed to enter into a longlease by Autumn 2023, which would last for a 125 year term. Once the lease was affected, the responsibility for the site would be on Gaddu Associates. Legal work was on going to enable the long-lease to be agreed. He informed the Panel that if Gaddu Associates did not gain access to the National Lottery Heritage Fund, they had agreed to still fund the project but on a longer timescale to completion.

A Councillor quoted the Presentation and what uses the new scheme would be aimed at. She wanted to know what activities it would provide for young people.

The Director of Regeneration answered that Gaddu Associates had set out what their uses for the site were on the basis of proving what would be economically viable. He believed opportunities for young people would be in gaining employment and skills from the site and that uses of the building such as function rooms may provide a space for young people should businesses choose to cater to that age group.

Discussion occurred between Councillors and Officers about the legal sensitivity of

the topic. The Chief Operating Officer advised they would allow as much as possible to be in the public sphere but where sensitivities arose, these may need to be answered in a private sphere.

The Vice-Chair stated that the situation between 2017, when Gaddu Associates were first given the greenlight for the project, and 2023 were quite different. He said that Avison Young had commissioned a report on the site and had approached someone to give estimates on bringing the Heath Town baths back into use. He had given a vastly different quote to the quote Gaddu Associates had given to the Council. He said Gaddu Associates were hired as they stated they had experience in such projects but they had only formed in 2017 and had not since that time done any other development projects. He felt that given the building had caught fire around 2021/22 that it should be possible to put the project back out to tender as the asset had changed, as had the time. He wanted to know what was stopping the Council from doing this. He also wanted to know what the interest rates would be on the loan the developer may have to take out, should they be unable to secure funding from the National Lottery Heritage Fund. He wanted to know how Gaddu Associates would fund this.

The Chief Operating Officer explained the legal responsibilities the Council had, the relevant two being protecting and responsibly using tax payers money, the other ensuring that Heath Town Baths were brought back into productive use. Gaddu Associates made an agreement they would be given a long lease if they met certain requirements by the Council. It was a legal requirement that when Council's disposed of assets and land that they sold for market value, as determined by specialists. As of 2023, the agreement and cost of the land had been deemed as compliant with the law. He said there were areas in the contract and law which would allow the Council to take the project back under its control to tender elsewhere were it a necessity. He added this was not something that could be done easily due to the legal nature of the agreement. He said he and his legal team were currently looking to strengthen the agreement to ensure the development as currently agreed would proceed. Part of this was to ensure the development happened at pace and if it did not, that the Council had the option to change things to get a development done rapidly. Further due diligence checks were being done and a meeting between Gaddu Associates, The Director of Regeneration and the Chief Operating Officer would be occurring so that they could gain assurances that what was agreed was going to be delivered. He said the focus was on things always being legally compliant and that the development was paused until they could get assurances. The Chief Operating Officer said he would have to answer the other questions outside of the meeting privately due to legal sensitivity.

The Vice-Chair felt there should be a cut off point, where a phased approach should occur in the development, as it could not be allowed to continue indefinitely. He wanted the Chief Operating Officer and the Director of Regeneration to do further scrutiny looking at what would occur should the National Lottery Heritage Funding not be gained.

The Chief Operating Officer agreed with the Vice-Chair and stated that part of the discussions would involve potential amendments to the terms of the lease depending on issues of progress, as well as funding. He said he would be happy to update the Panel on these points once discussions had occurred.

The Chair wanted the Chief Operating Officer to give the Panel an idea of the timing of the conversations so Scrutiny could keep track of the topic.

The Chief Operating Officer said that the agreement meant they needed to reach a conclusion on the lease by the end of Autumn, end of November being the latest.

A Member of the Council wanted to know if an updated business plan had been done to represent the changed landscape, as the previous one had been done in 2017 and the Covid-19 Pandemic had occurred between then and 2023. He also said he had spoken to a business, Tudor Medical Practice, who had expressed interest in the Heath Town Baths site previously but had decided not to proceed with developing a business plan. He said one of the reasons for this was asbestos in the building, he noted asbestos had not been discussed in the presentation or report. He said that Tudor Medical Practice had drawn up business plans for expansion on another site after they chose not to proceed (before Covid) and would be co-funded between them and the NHS. Pre-Covid the estimated quote for the development was around £3 million but coming back to the project post-covid in the changed economy, the quote was now £8 million. He wanted to know if the Council was aware if the costs estimated to develop the Heath Town Baths site were still the same as those originally agreed upon with Gaddu Associates in 2017. He wanted to know if the bank loans were still going to be based around the original 4 to 5 million figure quote. He wanted to know how Gaddu Associates planned to deal with potential spiralling labour and material costs in the event of not gaining additional funding. He felt the checks and due diligence now being done around the lease for safeguarding should have been done from the outset of the project. He said he had demonstrated other private businesses were interested in the land and felt the opportunity was there if Gaddu Associates could not deliver on the Heath Town Baths project.

The Chief Operating Officer stated that Gaddu Associates went through the full bidding process, whereas others did not, therefore they got the agreement. He said that asbestos was taken into consideration at the time as part of the assessment. He said that there was some protection in place in the lease with the ability to take back control of the site if necessary. He said the development had been paused so the Council could do further due diligence with Gaddu Associates in case further strengthening on the part of taking back control was required.

The Director of Regeneration responded to the points made by the Councillor on business plan and funding. He said as part of due diligence a meeting was booked for 11th October 2023 for a meeting to look into this and get reassurances the Council was happy to proceed with the process. He said the estimated cost was currently still £4 to £5 million but as part of the upcoming meeting with Gaddu Associates they would be enquiring if this had changed due to inflationary pressures, as well as enquire on progress in gaining funding from the National Lottery Heritage Fund.

A Panel member sought clarification and understanding around the long stop and ultimate stop in the lease agreement. He had concerns about the security on the site as it currently stood, he wanted to know if Gaddu Associates had demonstrated to the Council that they would be able to guard the site.

The Chief Operating Officer said that they planned to look into the long stop process and potentially alter it to a more phased approach. He said part of the due diligence

checks in future conversations would be enquiring into security on the site with Gaddu Associates.

A Councillor raised concerns about a possible breach of the pecuniary or non-pecuniary interest disclosure rules in reference to a Councillor discussing another business's previous interest in the site. He wanted to know if this had breached the guidance and if the meeting should have gone off the record.

The Chief Operating Officer said he was confident the guidance and law had not been breached by the Councillor and stated that he believed the meeting had been conducted as transparently as possible in the public's interest.

A Member of the Council wanted to know why no work had been done on the site in 6 years. She also wanted to know if a contingency fund was accounted for in the event of unplanned costs going over budget on the site.

The Director of Regeneration explained that work had not been carried out by the developer yet as they were subject to planning permission and were still attempting to gain funding from the National Lottery Heritage Fund. He said the funding split plan was 80% from the National Lottery Heritage Fund, with 20% coming from bank loans. The future meetings to conduct due diligence sought to look into this and question this, as well as to gain assurance that a contingency fund plan was in place.

A Panel Member wanted to know what the protocol was for if the November deadline was missed.

The Chief Operating Officer stated that the meeting they were having would allow them to clarify what was going on and in the event of things not being satisfactory they would return to the Panel to raise this for further discussion. He stated those discussions would need to be done with exemption due to legal sensitivities.

A Councillor asked if there would be a further opportunity to scrutinise the former Heath Town Baths when the updated information was available after Council Officers have met with Gaddu Associates.

The Chair and Chief Operating Officer agreed it would be beneficial but would be subject to discussion outside of the meeting in regard to whether it would require a separate meeting or if it could be brought to an existing future Panel meeting.

Resolved: That the Director of Regeneration and Chief Operating Officer would provide an update to the Panel on the former Heath Town Baths site at the next available Economy & Growth Scrutiny Panel.

7 **Date of next meeting 29 11 23**

The date of the next meeting was confirmed as the 29 November 2023.