



Cabinet Meeting

1 October 2014

Report title	Black Country Growth Deal – Cultural Capital Programme	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Elias Mattu Leisure and Communities	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Tim Johnson, Education and Enterprise	
Originating service	Entertainment and Events	
Accountable employee(s)	Keren Jones	Assistant Director, Partnerships Economy and Culture
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Report to be/has been considered by		

Recommendation(s) for action or decision:

The Cabinet is recommended to:

- 1) Agree that the project can proceed, and to delegate authority to the Cabinet Members for Communities and Leisure and Resources, the Strategic Director for Education and Enterprise, the Assistant Director for Finance and the Chief Legal Officer to finalise the grant funding agreement with the Black Country Local Enterprise Partnership (LEP) and Walsall Metropolitan Borough Council, who will be acting as the accountable body for the Black Country Growth Deal funding on behalf of the LEP.
- 2) Approve a capital programme budget for the civic halls improvements of £10.4 million funded from external grant of £6.2 million and £4.2 million as a virement from the capital allocation for regeneration priorities.

1.0 Purpose of the report

- 1.1 This report provides an update on the completion of the final business case for the Civic Halls and Grand Theatre Improvement proposal, since it was considered by the Cabinet (Resources) Panel on 29 July 2014.

2.0 Introduction

- 2.1 In July 2014 the Council was awarded £6.6 million of external funding towards the Civic Halls and Grand Theatre improvement project through the Black Country Local Enterprise Growth Deal. The funding has been allocated to support the delivery of a major refurbishment and improvement of the Civic Halls, together with seed corn funding for the Grand Theatre. A detailed business case was made to Cabinet to allocate £4.2 million already prioritised within the Council's regeneration capital programme, to finalise the Growth Deal. This includes a substantial investment to upgrade the heating and ventilation and deliver essential repairs.
- 2.2 The main drivers for this project are both economic and the planned financial savings targets for the cultural and entertainment services in the Council's Medium Term Financial Strategy.
- 2.3 **The economic driver:** Both venues are highly regarded and well established with strategic market positions within the wider region. This project will not only safeguard the equivalent of 637 jobs in the wider economy, but attract an additional 510,000 visitors per annum and result in a further 120 jobs being created as a result of the increased visitor numbers and spend.
- 2.4 **Savings target:** Although both venues draw very large audiences in return for a modest public sector investment, given the severe pressure on the Council's revenue budget, there is a need to reduce Council subsidy. These proposals will enable the Civic Halls, in particular to achieve the additional earned income required to cover the loss of subsidy.
- 2.5 The details of the strategic, economic, commercial and financial cases were fully made and approved at Cabinet (Resources) Panel in July 2014. However, before finalising the agreement the Cabinet (Resources) Panel requested further information regarding the management of business continuity during the refurbishment.

3.0 Managing Business Continuity

- 3.1 Further work undertaken with the Corporate Landlord has identified that the closure of the main Civic Halls is likely to be for around 14 months, and the Wulfrun Halls for five months. However, it is possible to phase the refurbishment works, which would mean that the closure of both halls at the same time could be reduced to as little as three months at the beginning of 2017. This will significantly reduce the impact of the closures on the local economy, as well as maintain some level of commercial income and continuity with promoters throughout the refurbishment period. These assumptions will need to continue to be tested throughout the detailed design and tender preparation stages.

- 3.2 The current Civic Halls diary of events has been analysed with a view to identifying what events might now be accommodated within the Halls during the refurbishment period. It is anticipated that all events held in the Wulfrun should be able to be accommodated either in the building itself, or in other city centre locations.
- 3.3 Initial discussions with design team have identified that it will be possible to programme the refurbishment work to accommodate the Grand Slam of Darts during 2015 and 2016. This is an important event for the city as it generates significant footfall and overnight stays, in, and around, the city centre. Other larger events where seating capacity or floor space is a critical issue, alternative local options include the Molineux Stadium and the Wolverhampton Racecourse. These will need to be negotiated on a case by case basis, as promoters choose specific venues for a mix of reasons and the Civic Halls is operating in a highly competitive national market.
- 3.4 During the refurbishment period the box office will also be moved to the Art Gallery. This should have the benefit of increasing the footfall in the Art Gallery, and detailed study will shortly be commissioned to review how this might be integrated into a stronger retail and catering offer, run by the Civic Halls commercial team.
- 3.5 In an effort to further reduce the impact of a reduced service on the city centre during the refurbishment period, the Civic Halls marketing team is developing a marketing plan and programme for the city centre with the other night time venues. This will include enhanced web presence linked to the main Civic Halls site for other city venues, as well as offering a marketing training programme for local businesses. City centre venues will also have greater access to the poster boards around the city.
- 3.6 Key assets that make the Civic Halls successful are the staff, its established reputation with both customers and producers and its market position. The ongoing commercial activity through the refurbishment period will help to minimise any redundancies within the permanent staff team, with the main reductions being in the number of employees on zero hours contracts. In addition there is time to look at alternative development opportunities for staff during this period e.g. temporary secondments, sabbaticals etc. during the refurbishment period.
- 3.7 To further minimise any redundancies the Council is already:
- Offering the services of our entertainment and events service to other venues within the city, and more widely across the Black Country.
 - Developing funding and commercial proposals for new events that the service will deliver in the Art Gallery, Bilston Craft Gallery, Bantock House and the Archives. This will include building on Wolverhampton's strong traditional support for Folk and Jazz – and strengthening the links between city centre venues and other important music and outdoor venues outside the city centre e.g. Bilston and Wednesfield.

4.0 Managing the Procurement Process

- 4.1 Further work has been undertaken by the Corporate Landlord Service Group to confirm the overall cost estimates and refine the timelines for design and construction stages. In order to achieve sufficient control over the design, and also meet the spending profile required by the Black Country LEP and Growth Deal, a traditional procurement route will be used. In order to achieve the necessary levels of spends between April 2015 and March 2016, OJEU notices will need to be issued in January 2015, with the shortlisted tendering process commencing June 2015, and start on site January 2016.
- 4.2 A one stop technical design team is being appointed through the Property Services Strategic Partnership commissioning process, based on their local knowledge of the city and the Civic Halls buildings, as well as bringing significant experience in high profile commercial leisure and entertainment venues development and refurbishment.
- 4.3 Allowance has also been made within the capital programme for a project manager on the Council side. This post will provide overall project management for technical, finance, legal, financial and business continuity and external funding work stream as well as providing regular reports to funders and the Council, and acting as the principal contact with the external design and technical team.

5.0 Financial implications

- 5.1 The total refurbishment scheme cost is estimated at £10.4 million of which £6.2 million has been secured from the Growth Fund. The remaining £4.2 million, which includes a contingency sum, would be met from the “Reallocation of Resources for Regeneration Priorities” which was identified following a review of the Council’s capital programme reported to Cabinet on 25 June 2014. The majority of the Council’s capital contribution will cover major repairs and maintenance items, such as the heating and ventilation system.
- 5.2 The current Medium Term Financial Strategy (MTFS) has a savings target from 2014/15-2018/9 of £500,000 from the civic halls budget. In 2014/15 efficiency savings of £115,000 have been delivered and the remaining savings are planned to be achieved through generating additional income. The additional capacity and improved facilities following the proposed investment provide the opportunity for the facility to meet the savings targets in the current MTFS.
- 5.3 Work will be ongoing within the Economic Strategy and External Funding team to attract further funding, in order to reduce the council contribution, as well as level in additional financial benefits. Bids are currently being prepared for the European Union Structural and Investment Funds 2014 -2020, for when calls are opened in early 2015. In addition English Heritage Funding will be sought for some of the maintenance and repairs items.

- 5.4 Since the initial report in June work has been undertaken on the business continuity arrangements during the closure period. The impact will be less significant than originally anticipated but work is still to be finalised on alternative venues for key events and the detailed impact on staffing during the period of the works. The service will need to continue to be delivered within the existing approved financial subsidy of the Council.
[MF/08092014/Z]

6.0 Legal implications

- 6.1 There are no immediate legal implications arising from this report. Details of the final grant agreement and contract for the Growth Deal Funds are awaited. There will be a number of statutory processes to complete with regard to procurement and the formal contractual arrangements.
[RB/08092014/L]

7.0 Equalities implications

- 7.1 Improvements to the Civic Halls will promote equalities, as they include making the buildings more accessible to disabled people and creating a more family friendly environment.

8.0 Human resources implications

- 8.1 This proposal will help safeguard all jobs in the Council's Entertainment Service and enable the Council to reduce the reliance on zero hours contracts.

9.0 Corporate landlord implications

- 9.1 Property Services have been led by the technical development schedules. They will be part of the project steering group going forward and lead the in-house technical team.
- 9.2 Alternative offices will need to be found for the core remaining staff during the refurbishment period.

10.0 Schedule of Background papers

- 10.1 None.