

THURSDAY, 19 FEBRUARY 2015

REPORT OF THE PORTFOLIO HOLDER EDUCATION AND ECONOMY

CREATIVE QUARTER UPDATE

EXEMPT INFORMATION

PURPOSE

To update Members on progress relating to the funding and implementation of the Creative Quarter.

RECOMMENDATIONS

- 1) That members approve the Capital Appraisal form (appendix A) for inclusion into the Medium Term Financial Strategy (MTFS) and Capital Programme (subject to Council approval as part of the MTFS process)
- 2) That Members endorse the current funding position in regards to our external funding bids
- 3) That delegated authority is given to the Director CPP in conjunction with the Portfolio Holder Education and Economy to update and submit the previously endorsed HLF Bid for Tamworth Assembly Rooms
- 4) That the Leader writes formally to Staffordshire County Council (SCC) to secure the agreed £500k financial contribution from SCC
- 5) That the Director CPP is delegated authority in conjunction with the Portfolio Holder to review and amend the project governance structure to ensure it remains fit for purpose as we move towards implementation.
- 6) Approve the temporary closure dates for Tamworth Assembly Rooms and initial closure plans

EXECUTIVE SUMMARY

The plans for the Creative Quarter have been detailed at Cabinet in previous reports and are focused on maximising the regenerative value of four public sector buildings and related public space. The Creative Quarter schematic in Appendix 2 provides a graphic depiction of the proposal. The project will deliver a range of direct and indirect benefits to the town and to the Council. An Economic Impact Assessment of the scheme has been independently completed and shows that the project will create jobs both directly and indirectly with a potential £13m contribution to the local economy. A copy of the grant fund submission document inclusive of the economic impact assessment is in Appendix C.

In order to fund the scheme the Council has been attempting to secure external funding and a bid for Single Local Growth Fund 1 via the Staffordshire and Stoke On Trent Local Enterprise was submitted. This bid was unsuccessful and feedback regarding the process and determination of the bid was not very forthcoming. As a consequence the Council put on hold its bid to the Heritage Lottery Fund as to submit without sufficient match funding was likely to result in a refusal. During October 2014 it became apparent that the Government would be opening up a new bidding process for LEPs in regards to Local Growth Fund 2. Council officers in discussion with the Portfolio Holder, Leader and Deputy Leader agreed to amend the bid and resubmit alongside a supporting strategy to influence the SSLEP and

government. The revised project plan was further supported by the recently completed Economic Impact Assessment and progress with planning permissions. To promote the project, officers visited the MP Christopher Pincher to secure his support within Government and the Portfolio Holder met with the Leader of the County Council to secure support and £500k in match funding. During this process feedback from the SSLEP and Government indicated that a focus on the enterprise aspects and job creation would improve the bids position. Consequently those aspects were enhanced and the bid to government renamed Tamworth Enterprise Quarter. The project is still locally known as the Creative Quarter.

The SSLEP submitted our bid as the priority scheme for Staffordshire and our current understanding is that the bid has been successful with £2.95 Million granted. This is the full amount applied for and includes funding for an extension to the Assembly Rooms.

Assembly Rooms Update

Overview

Full planning permission for the proposed redevelopment of Tamworth Assembly Rooms was granted on September 9th 2014.

Heritage Lottery Fund

Due to the unsuccessful result of the first bid to the Single Local Growth Fund the HLF application previously approved by Cabinet was withdrawn. The HLF supported this approach and the Council were granted a 6 month extension. The new application will be submitted on March 12th with an outcome notification expected in July 2015. The grant requested from the HLF is £903,400 and will support the repair of the historic fabric of Tamworth Assembly Rooms, major refurbishment of the building including the grand hall and development of activities and resources to allow local people to engage with their heritage. With the positive result from the second application to the Single Local Growth fund it is felt the bid is much stronger but is still subject to competition for the funds available.

Additional Income and Funding

Further income and financial support through sponsorship and smaller grants will be continued to be sourced once the HLF application is submitted to provide additional match funding.

Closure Plans

The Arts and Events team are proposing to close the building for refurbishment on February 8th 2016. There will then be a period where the staff will clear the building. There is a clear plan of support for local groups during the closure and a clear arts and events programme to keep our audiences engaged and participation levels sustained. Staff responsibilities are clearly outlined during this period to ensure constant site presence and that the alternative arrangements are supported.

Future Business Model

The future business model success is linked to the closure plan as a clear presence must be maintained to ensure we maximise revenue and exposure. Potential users will be invited to a series of events and relationships will continue to be developed. The arts and events team also have key business plans to increase public awareness and activity for the building once opened and it is important to foster those relationships whilst we are closed to ensure the transition is as easy and successful as possible.

Phil Dix Centre

Planning permission for the works to create a Business Enterprise Centre at the Phil Dix Centre was granted on the 22nd December 2014. These works include demolition of the Aldergate toilet block in order to create additional car parking, demolition of the Kiosk and

minor landscaping and car park works.

Carnegie Centre

The proposal to apply for Change of Use to a restaurant is scheduled for 2017. For commercial reasons the proposal for restaurant use must wait for completion of the Assembly Rooms works and the Public Realm & Library works.

Voluntary and community sector engagement

The Council will continue to work with the tenants and hirers of the Phil Dix Centre and Carnegie Centre to keep them informed and to secure suitable alternative arrangements. A number of tenants from the PDC have shown an interest in moving into Marmion House and this is in line with our proposals for the building and supports the Agile Working project and business case.

Library & Public Realm

The proposal to apply for planning permission for Public Realm works and associated works to Tamworth Library is scheduled for summer 2015. It is necessary to dovetail the Public Realm proposals with the proposed extension to the Assembly Rooms to avoid any conflicts at the planning stage or the implementation stage.

Timetable

The current timetable for the project will see the redevelopment of Tamworth Assembly Rooms begin in the 4th quarter 2015/16 to be completed 2017/18. This will be followed by the redevelopment of the Philip Dix centre, Tamworth Library and the public realm in 2018/19. The time scale for the project has been constrained by the funding arrangements from the government. It would be preferable to condense the timetable if funds are available to temporarily fill any cash flow gaps. Condensing the timetable would reduce costs and bring forward opportunities for income generation.

Project Management Structure/ Governance

This is a complex project with a range of internal and external works to four buildings and significant changes to the public realm. There are also a wide range of stakeholders that have involvement with different aspects of the project. Therefore to co-ordinate the project it is proposed that there be single project manager or company. They will work with the teams' involved in the different aspects of the project. The project manager will report to an overall steering group comprising of councillors and senior officers from Tamworth Borough Council and Staffordshire County Council. A recommendation from this report is for the Director CPP and Portfolio Holder to revise the governance and project management structure in discussion with the County Council.

It would also be preferable to appoint a single building contractor for all capital works on the project. This should reduce costs and make contractor management and accountability more straightforward. However timetable and regulatory constraints may make this ideal arrangement impractical.

Measuring Project Outcomes

To assess the impact of the project both direct and indirect performance indicators will be used. Baseline information will be collected before the project to allow for comparison. Direct indicators will include income generated, visitor numbers increases and public feedback. Indirect indicators will include the reduction in town centre unit vacancy rates and increase in town centre footfall.

OPTIONS CONSIDERED

A number of options were considered at the Cabinet meeting on the 31st July 2014 and it was determined that the Council should continue to seek external funding for the project. Should external funding not be forthcoming then the options would need to be revisited.

RESOURCE IMPLICATIONS

The Capital Appraisal document at appendix A provides details on the capital and revenue implications of the project for the Council. Within the Capital Appraisal document the Council is identifying a further £674k to support the project identified from future capital receipts. As members will be aware Cabinet has previously earmarked some of the capital receipt expected from the sale of the former golf course to support regeneration and leisure schemes on a return on investment basis. Given the positive revenue impact associated with this scheme as shown in the Capital Appraisal it is recommended that the £674k is secured against the sale of the former golf course site. The Council's full capital commitment to the scheme is therefore £994k. This match funding will lever in a further c£4.6m in match funding.

Section 1 of the Capital Appraisal includes £50,000 of funding from donations, sponsors and small grants to be obtained officers are confident of being able to reach this target during the project.

CAPITAL PROGRAMME COSTS

| | CASHFLOW £000 | | | | | |
|---|---------------|----------------|----------------|--------------|----------|----------------|
| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | TOTAL |
| EXPENDITURE | | | | | | |
| Assembly Rooms | 200.0 | 2,202.8 | 2,068.1 | - | - | 4,470.9 |
| Phil Dix Centre | - | - | - | 575.9 | - | 575.9 |
| Carnegie Centre | - | - | 110.0 | - | - | 110.0 |
| Library | - | - | 190.8 | 220.8 | - | 411.6 |
| Total Capital Cost Included above: | 200.0 | 2,202.8 | 2,368.9 | 796.7 | - | 5,568.4 |
| Land Value | | 67.5 | | | | 67.5 |
| Carnegie Centre Private Sector investment | | | 100.0 | | | 100.0 |
| Library Costs | | | 190.8 | 220.8 | | 411.6 |
| Net Capital Programme Budget | 200.0 | 2135.3 | 2078.1 | 575.9 | - | 4989.3 |

The redevelopment of the Philip Dix Centre and Carnegie Centre will require alternative accommodation to be offered for voluntary sector groups that currently use these buildings. Space within Marmion House will be made available to them but will require some adaptation to provide suitable accommodation. This will need to be funded from the Agile Working budget. This will also mean that rental income from the voluntary sector groups currently using the Philip Dix and Carnegie Centre will not be lost but will be transferred to Marmion House and be accounted for within the Agile Working project.

The revenue projections for the revised scheme are based on estimates provided by external consultants and internal modelling by officers. The projections show the potential for increased income at all three Council venues subject to a commercial implementation of the model. The Council routinely takes a prudent approach to its budgeting but also wishes to drive the potential income available from the redevelopment. It is therefore proposed that the

most optimistic income projections are budgeted for as shown in the Capital Appraisal but with a separate 50% contingency established to be called upon should the Council be unable to achieve this higher level of income generation.

LEGAL/RISK IMPLICATIONS BACKGROUND

Please see appended Project Risk Assessment

SUSTAINABILITY IMPLICATIONS

The current situation at the Assembly Rooms is unsustainable given the conservation/maintenance requirements alongside the need to modernise the building to maintain income levels.

BACKGROUND INFORMATION

REPORT AUTHOR

LIST OF BACKGROUND PAPERS

Cabinet Report 25th July 2012 – Tamworth Assembly Rooms “Development Phase”
Cabinet Report 30th January 2013 – Cultural Quarter Update
Cabinet Report 24th October 2013 – Cultural Quarter Update
Cabinet Report 13th March 2014 – Cultural Quarter Update
Cabinet Report 31st July 2014 – Tamworth Assembly Rooms and Creative Quarter Update

APPENDICES

1. Capital Appraisal
2. Creative Quarter Schematic
3. Economic Impact Assessment
4. Building Plans
5. Risk Assessment

This page is intentionally left blank