

THURSDAY, 16 FEBRUARY 2017

**REPORT OF THE PORTFOLIO HOLDER FOR REGENERATION****TAMWORTH ENTERPRISE QUARTER****EXEMPT INFORMATION**

None

**PURPOSE**

To update Cabinet with progress to the Enterprise Quarter project.

**RECOMMENDATIONS**

1. Cabinet approves the revised project timetable in Appendix 1.
2. Cabinet notes the amended capital profile for the overall project and revenue budget for the Enterprise Centre which are included in the Medium Term Financial Strategy report elsewhere on this agenda.
3. Cabinet endorse the current design of the Assembly Rooms and gives delegated Authority to the Corporate Director (Growth, Assets & Environment) in consultation with the Portfolio Holder for Regeneration to agree minor amendment's and to authorise the final design.
4. Cabinet give authority to make use of the County Councils existing arrangements for professional services and contractors for the detailed design and construction of various elements of the project if required.
5. Cabinet approves the operating name of the business centre as the Tamworth Enterprise Centre.
6. Cabinet approves the Tamworth Enterprise Centre pricing, services offered, the policies and the draft licence agreement contained in appendices 3 and 4 and gives delegated authority to the Corporate Director (Growth, Assets & Environment) to finalise and approve.
7. That a long term business plan for the Enterprise Centre is produced and brought back to Cabinet in the next 12 months which will set the operating budget based upon demand.
8. Cabinet approves the marketing and branding proposals for the Enterprise Centre in appendix 5
9. Cabinet authorises a waiver from the financial regulations to appoint a specialist consultant to undertake marketing of the Enterprise Centre if required.
10. Cabinet approves the creation of a new role to run the Enterprise Centre and gives authority to start the recruitment process subject to a report to Appointment and Staffing Committee.
11. Cabinet endorses the design of the public realm contained in appendix 7 and gives authority to the Corporate Director (Growth, Assets & Environment) in consultation with the Portfolio Holder for Regeneration to agree minor amendment's and to approve the final design.
12. Cabinet notes the design of the library in appendix 6.
13. Cabinet approves the TIC project initiation document contained in appendix 8.

**EXECUTIVE SUMMARY**

The estimated capital cost of overall project is still the same as previously approved. There have been delays of approximately 6 months to the overall programme, mainly as a consequence of the delay of confirmation of external funding impacting on the procurement processes for the Assembly Rooms element. However, delays have been minimised by bringing forward other elements of the project such as the Enterprise Centre. This has required the budget to be re-profiled. Further work on the Enterprise Centre has resulted in a change to the estimated future revenue budget. This is a consequence of seeking to employ a full time member of staff which whilst increases costs also assists to increase revenue through quicker and more sustained take up of services and space. The

financial changes are detailed in this report and also in the Medium Term Financial Strategy report elsewhere on this agenda.

## OPTIONS CONSIDERED

The options presented are considered to be those that enable the project to progress as closely to programme and budget as possible.

## RESOURCE IMPLICATIONS

The Medium Term Financial Strategy report elsewhere on this agenda already includes the financial implications from this report being:

1. Revised profiling of the capital budgets for the Assembly Room Project and the Business Enterprise Centre
2. Revised Revenue Operating Budgets for the Business Enterprise Centre

### Capital Budgets

The total Capital budget for the project is £5,867,851 and this remains unchanged.

The conversion of the Phil Dix Centre has been undertaken by Staffordshire County Council and had a capital budget of £575,900. The 2016/17 Approved Capital Programme for Tamworth Borough Council included a contribution to the project of £144,000, with the balance being funded by SLFG through the County Council. However, due to slippage elsewhere on the overall project and the need to spend SLGF in 2016/17 the County Council have requested that the TBC contribution towards the cost of the Business Enterprise Centre be replaced by SLGF in 2016/17 and that the £144k TBC contribution be used in later years on the Assembly Rooms.

Below is the previously approved capital programme and the revised programme which re-profiles spend.

### 2016/17 Approved Capital Programme

		2016/17	2017/18	2018/19	Total
<b><u>Assembly Rooms</u></b>					
Costs		2,315,690	1,943,790	229,040	4,488,520
Funding	SLGF	1,519,910	798,260	0	2,318,170
	HLF	759,480	0	0	759,480
	TBC	11,300	1,120,530	229,040	1,360,870
	Other	25,000	25,000	0	50,000
	<b>Total</b>	<b>2,315,690</b>	<b>1,943,790</b>	<b>229,040</b>	<b>4,488,520</b>
<b><u>Phil Dix</u></b>					
Costs		575,900	0	0	575,900
Funding	SLGF	431,900	0	0	431,900
	TBC	144,000	0	0	144,000
	<b>Total</b>	<b>575,900</b>	<b>0</b>	<b>0</b>	<b>575,900</b>
<b><u>Public Realm &amp; Library</u></b>					
Costs		0	354,711	338,720	693,431
Funding	SLGF		0	193,431	193,431
	SCC		354,711	145,289	500,000
	<b>Total</b>	<b>0</b>	<b>354,711</b>	<b>338,720</b>	<b>693,431</b>

### Carnegie

Costs		110,000	0	0	110,000
Funding	SLGF	10,000	0	0	10,000
	PRIVATE	100,000			100,000
	<b>Total</b>	<b>110,000</b>	<b>0</b>	<b>0</b>	<b>110,000</b>

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<b>Combined Total</b>		<b>3,001,590</b>	<b>2,298,501</b>	<b>567,760</b>	<b>5,867,851</b>
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### Revised 2016/17 Approved Capital Programme

		2016/17	2017/18	2018/19	Total
<b><u>Assembly Rooms</u></b>					
Costs		315,690	1,580,000	2,592,830	4,488,520
Funding	SLGF	255,690	1,264,000	654,480	2,174,170
	HLF	60,000	316,000	339,690	715,690
	TBC	0	0	1,548,660	1,548,660
	Other	0	0	50,000	50,000
	<b>Total</b>	<b>315,690</b>	<b>1,580,000</b>	<b>2,592,830</b>	<b>4,488,520</b>

### **Phil Dix**

Costs		575,900	0	0	575,900
Funding	SLGF	575,900			575,900
	TBC	0			0
	<b>Total</b>	<b>575,900</b>	<b>0</b>	<b>0</b>	<b>575,900</b>

### **Public Realm & Library**

Costs		0	354,711	338,720	693,431
Funding	SLGF		0	193,431	193,431
	SCC	0	354,711	145,289	500,000
	<b>Total</b>	<b>0</b>	<b>354,711</b>	<b>338,720</b>	<b>693,431</b>

### **Carnegie**

Costs		110,000	0	0	110,000
Funding	SLGF	10,000	0	0	10,000
	PRIVATE	100,000			100,000
	<b>Total</b>	<b>110,000</b>	<b>0</b>	<b>0</b>	<b>110,000</b>

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<b>Combined Total</b>		<b>1,001,590</b>	<b>1,934,711</b>	<b>2,931,550</b>	<b>5,867,851</b>
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### Revenue Budgets

The Medium Term Financial Strategy Cabinet report elsewhere on the agenda updates previous estimate of operating costs following a review by the project team. There are additional costs associated with a full time officer but there are also projected higher income costs. The difference is an increase in costs of £3k in 2017/18, a surplus of £16k in 2018/19 and a surplus of £22k in 2019/2020.

It should be noted that previously running costs of the building were combined with other buildings and by a variety of services. Therefore, the running costs are an estimate at this stage and will be refined

once the centre is up and running. This will be taken account in the production of a business plan for the centre over the next 12 months.

The Revenue budget for the Tamworth Enterprise Centre also assumes a level of building repairs and depreciation and that these remain static over the first 3 years. However, to enable the building to be evaluated on a commercial basis these may need to be ringfenced. This will be considered further in the production of a business plan for the TEC that will be presented back to Cabinet within the next 12months once a greater understanding of the demand and take up is understood. Details of costs and income for the centre will be monitored closely so that future decisions can be taken based on the commercial value of the asset.

## **LEGAL/RISK IMPLICATIONS BACKGROUND**

Archaeological investigation works took place last year in the car park adjacent to the Assembly Rooms. Although some interesting pieces were found, including 12<sup>th</sup> Century pieces of pottery and a carved bone, the archaeologists have concluded that no further investigations are required. This removes a risk of a delay to the start of the works.

It should be noted that elements of the financial position described above are estimated and real costs will not be known until all of the tenders are returned. The contingencies included above will help to mitigate any costs over and above those estimated.

A risk assessment for the overall Enterprise Quarter project is kept under review by the project team.

## **SUSTAINABILITY IMPLICATIONS**

The project seeks to restore and ensure the long term future of historic buildings.

## **BACKGROUND INFORMATION**

### **1. Overall Project timetable and budget**

In January 2016 Cabinet received an update on progress the overall project and the workstreams contained within it. Cabinet also gave approval to the project programme, endorsed an options appraisal for the TIC, gave delegated authority to tender for services and contractors and enter into the necessary contracts, and authority to make use of the County Council's existing arrangements for professional services and contractors in relation to the works to the Philip Dix Building.

Since that report the application for £2.9m of Single Local Growth Fund (SLGF) was given formal approval in July 2016. This was considerably later than previously envisaged and has delayed tendering for some services. There has therefore been a slip in the anticipated start to the Assembly Rooms construction. The anticipated completion has now moved from March 2018 to November 2018. The TEC and the library elements have been brought forward to enable spend to take place in this financial year. However, as the Carnegie Centre and public realm works are tied into the end of the Assembly Rooms work the overall project timetable has also slipped from July 2018 to January 2019. A revised overall project timetable is included in appendix 1. The key milestones that have been achieved since January 2016 include:

- Securing external funding from SLGF and HLF
- Completing design work on the Enterprise Centre, public realm and library
- Gaining necessary planning consents
- Appointing the professional team for the Assembly Rooms
- Undertaking the archaeological investigations at the Assembly Rooms
- Construction work on the TEQ has started

There is no anticipated change to the capital budget income or expenditure at present. However, the largest capital expenditure is associated with the Assembly Rooms element which have not yet been tendered. That said, the recent quantity surveyor report for the Assembly Rooms element has stated they are confident that the estimated costs are still accurate.

Whilst there is no change to the overall estimated costs and income for the project, there is a change to the profiling of spend due to the delay to the Assembly Rooms project. Bringing forward the TEC and library works will help to minimise the expenditure profile changes. The majority of TBC funding is

now profiled towards the end of the project. The revised profiling is detailed in the Resources section and through the Medium Term Financial Strategy report elsewhere on this agenda.

Total funding sources for the project are as follows:

SLGF (£2,953,515)

Tamworth Borough Council (£1,548,660)

Staffordshire County Council (£567,500 – including £67,500 in land value)

Heritage Lottery Fund (£715,690)

Sponsors and patrons of the Assembly Rooms (£50,000)

Private Sector lessee of The Carnegie Centre restaurant (£100,000)

External funding sources will continue to be sought for the elements of each project.

## 2. Assembly Rooms

The Tamworth Assembly Rooms element has now tendered and appointed the majority of the design team including the Project Manager, the Quantity Surveyor, the Mechanical and Electrical Engineering Consultant, the Structural Engineer, the Theatre and Acoustic Consultant and the Access Consultant.

The architect appointment is finalised and awaiting signature, and the only outstanding member of the final design team still to be appointed is the catering consultant, which is currently underway. These contracts were awarded in line with the approval given by Cabinet in January 2016.

The key area of focus for the project is now finalising design. There are changes from the scheme which has planning consent and formed the basis of the HLF application. Some of these changes may require a further planning application but this is currently programmed in to the revised timetable and should not present further delays. The likely changes are:

- Changes to the back of house layout.
- Changes to the storage arrangements throughout the building.
- Changes to the Mechanical and Electrical plans throughout the building including revised plant works.
- An improved air handling system has been designed and is a necessary amendment to ensure the auditorium is properly heated, cooled and ventilated.
- Removal of the proposed stage lift. There will continue to be a goods and passenger lift back of house.

The detailed designs are included in Appendix 2. It is expected that there will need to be some minor amendments to the internal layout and the need for a plant room to the rear of the building and as such delegated authority is sought for approval of the final designs which are expected to be complete in April.

The archaeological investigation works took place last year in the car park adjacent to the Assembly Rooms. Although some interesting pieces were found, including 12th Century pieces of pottery and a carved bone, the archaeologists have concluded that no further investigations are required. This removes a risk of a delay to the start of the works. There are also some enabling works that are about to take place including the removal of planters and trees from around the car park to enable construction site access.

The revised timetable is under constant review by the project team. There are some key milestones however that may impact on the timetable and these are finalising the construction tender documentation, and the tender and appointment of a construction contractor. If any issues arise with the timetable Cabinet will be notified accordingly. A completion date of winter 2018 remains the target at this stage but we will be able to predict this with far greater certainty when the construction contractor has been appointed and the construction programme scrutinised to see if there are elements that can be completed co-terminously to reduce overall construction time.

## 3. Enterprise Centre

Over the last year the remaining tenants have relocated, some to Marmion House, including the Tamworth Information Centre on a short term basis (see elsewhere in this report regarding the longer term relocation). Work started on site in September and is progressing to budget and on time.

Handover and practical completion is expected in April 2017. After that there will be a defects liability period of 12 months.

When complete the building will have 16 serviced offices, broadband (network & Wi Fi), 3 meeting rooms with Wi-Fi touchscreen whiteboards, break-out areas and touch-down areas for visitors and, guests. The offices range from 10 sq m to 36 sq m and will offer cost-effective business accommodation on inclusive and flexible monthly licence terms. The vision for the Centre is to promote the creation and development of business enterprise and job creation within Tamworth. Businesses located at the Centre will be encouraged and supported to grow to the best of their efforts and to establish themselves to the point where their growth allows them to move to larger premises. The Enterprise Centre features:

- Allocated Parking
- Internal / External CCTV
- Disabled Access & Lift
- Communal kitchen facilities
- Town Centre location with good motorway and railway access

Prospective tenants will be asked to sign a licence agreement for the use of the space and car park. A draft is included in Appendix 3. Cabinet are asked to endorse the draft. The terms are designed to give an 'easy in and easy out' approach, reflective of the likely nature of the likely tenants i.e businesses in their infancy, and require the business to give one months notice to leave and the Council 2 months notice.

Attached in appendix 4 are the operating principles of the Centre. This includes details on pricing, the services offered and the general policies of the Centre. Cabinet are asked to approve these. Pricing will be reviewed annually to ensure it remains competitive.

Following more detailed work to refine the services offered and the pricing structure, industry experts have also provided advice on likely demand. It is now considered that demand will be higher than previously predicted and an occupancy rate of 60% can be achieved in year 1, rising to 80% by year 3. In addition, demand for virtual offices and meeting rooms is anticipated to be greater than originally estimated which will increase the amount of administration work required. This has led to a reconsideration of the operation of the Centre and it is now considered that a full time member of staff is needed to run the centre effectively. Indeed, this will be expected by future tenants. Furthermore, it is important to ensure that outputs related to jobs are achieved as this formed the basis for the LGF approval and the officer role will be critical in attracting and managing the tenants and facility. This however, does impact on the earlier assumptions on the revenue budget. The Medium Term Financial Strategy Cabinet report elsewhere on the agenda updates the previous estimate and is also detailed in the Resource implications of this report. A person specification and job description for the role have been produced and have been subject to the job evaluation procedure. Cabinet are asked to approve the creation of this role. If approved the Trade Unions Liaison Group and the next staffing and appointment committee will be notified.

The marketing of the TEC will be undertaken by the Economic Development Team, a marketing plan is included in appendix 5 along with the proposed branding and name which Cabinet are asked to approve. If take up is not as high as anticipated, then a specialist consultant to undertake the marketing will be used. Again, it is important that the outputs associated with the LGF application are achieved and occupancy will be vital for this. The Council has already obtained advice from a specialist serviced office broker and would seek to use that same consultant if required due to the specialist nature of the role. Cabinet are therefore asked to authorise a waiver from financial regulations to allow them to be appointed without the need to tender the work. It is expected if this work is required it would not exceed £10,000.

#### 4. Library

The Library proposals involve improvements to the internal layout to the Library and external appearance.

In July 2016 planning permission was granted for these works. They include:

- Replacement of the existing brown brick walling doors and windows to the ground floor of the western end of the building with polyester coated aluminium framed curtain walling with coloured and clear infill glazing, doors and windows.

- Replacement of the existing safety barrier surrounding the external staircase to the basement with a new stainless steel and glass balustrade.
- New external wall wash lighting to be provided to the western end of the library in order to accentuate the modelling provided by the pre cast concrete fins between the panels to the upper floors

It was originally intended to reduce the height of the entrance structure to the south of the building. However, the decision was taken to retain the structure. The County Council considered that the topography of the site is such that the part-demolition of the structure would not open up the views from the area adjacent to the Carnegie Centre and the Assembly Rooms building to St Editha's Churchyard. The structure is constructed of in-situ poured reinforced concrete. In order to part demolish it, it would be necessary to use hand-operated percussive tools. This would be likely to cause noise and vibration leading to disruption to staff and customers while works are carried out. Furthermore, the artwork on the inside of the building is considered to be integral to the structure and could not have been successfully removed and relocated. The proposals for the library are contained within appendix 6 and Cabinet are asked to endorse these.

Due to delay in the Assembly Rooms programme the Library works have been brought forward and it is hoped the works will be completed by July 2017.

## 5. Carnegie Centre

The proposal to lease the Carnegie Centre as restaurant will be marketed at the end of 2017 if the Assembly Rooms and Public Realm works keep to programme. The Centre currently has 2 tenants left which are both progressing plans for relocation and have identified new premises to relocate to. There also remains a number of community groups who are hiring the meeting room. These groups will be directed to alternative venues. It is envisaged that part of the building will be utilised for a site office, firstly for the library works and then subsequently for the assembly rooms.

## 6. Public Realm

The Public Realm works are due to start in the 3<sup>rd</sup> Quarter of 2018 if the Assembly Rooms works keep to programme. The Public Realm area is owned by both SCC & TBC. The County Council is currently providing Landscape Architecture services to the Enterprise Quarter project. These works were approved by TBC Planning Committee in July 2016.

The proposals (see Appendix 7) include removing and paving the existing car park between the Assembly Rooms, the Carnegie Centre and the library to create a new public realm space including street furniture, lighting and landscaping. Ground level planting beds will be created in front of the Carnegie Centre, and the space will be lit with a new lighting scheme. In order to open up the view between the new square and the churchyard, the brick walls, planters and archway will be removed. The brick retaining walls will be lowered in height to open up the view and an existing pear tree will be removed. Paving will be predominantly in tones of grey, with occasional buff highlights to match the grey stone and roof materials and to compliment the red brick of the surrounding buildings. Reclaimed stone paving will link the ramp outside the library entrance with Corporation Street.

A minor change to the public realm proposals is likely to be required as a result of changes to the Assembly Rooms plans to include a plant room to the rear of the building. This will remove the proposed footpath link to the rear of the Assembly Rooms.

Cabinet are therefore asked to endorse the public realm proposals and give authority to the Corporate Director (Growth, Assets & Environment) in consultation with the Portfolio Holder for Regeneration to agree minor amendments and to authorise the final design. It is believed that the most cost-effective route to carry out the Public Realm works would be to make use of the County Council's existing arrangements for professional services and contractors for the detailed design and construction of the Public Realm works and a recommendation is included to allow that to happen. This could also be utilised in the event that other works are required on other elements of the project.

## 7. Tamworth Information Centre

In January 2016 Cabinet endorsed an options appraisal to consider future short and long term

delivery of Tourist Information and gave authority to the Portfolio Holder for Operations and Assets, the Portfolio Holder for Economy and Education, the Director for Assets and Environment and the Director for Transformation and Corporate Performance to conclude and implement the options appraisal.

The Tamworth Information Centre has been relocated in the short term to the ground floor of Marmion House. An officer project team has been formed to consider the longer term options. Cabinet have advised that the TIC should continue with the current level of services offered as a minimum. Cabinet have asked officers to consider the potential for satellite mini-TIC's and mobile TICs in addition to the long term location. Cabinet have put to officers 4 potential locations and asked for initial views. These were the Assembly Rooms, the Philip Dix Centre, the library and premises in Market Street. The project team view was that all of these options were feasible, dependant on size needed to deliver the service, with the exception of the Phil Dix Centre due to the need to make it operate as a stand-alone enterprise centre. In addition officers suggested the Carnegie Centre could be looked at again as an alternative to the restaurant and a location in the Castle Grounds could be considered. Cabinet have indicated their desire to see the original plans for the Carnegie Centre as a restaurant pursued but have accepted the addition of premises in the Castle grounds to be investigated. Cabinet have advised officers of what the location must allow and the scope of the project. A draft project brief taking this into account is attached in 8 and Cabinet are asked to approve. Future governance of this project will be undertaken via the Enterprise Quarter Governance arrangements which include the Portfolio for Holder for regeneration.

## **REPORT AUTHOR**

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## **LIST OF BACKGROUND PAPERS**

"Enterprise Quarter Progress Report", Cabinet 14<sup>th</sup> January 2016

## **APPENDICES**

- 1 Project Timetable
- 2 Assembly Room drawings
- 3 TEC licence agreement
- 4 TEC Operating Principles
- 5 TEC marketing plan and branding
- 6 Library drawings
- 7 Public Realm drawings
- 8 TIC Project Plan