

<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Alan Cavill, Director of Place
<b>Relevant Cabinet Member:</b>	Councillor Simon Blackburn, Leader of the Council
<b>Date of Meeting:</b>	11 September 2017

## WINTER GARDENS CONFERENCE AND EXHIBITION CENTRE

### 1.0 Purpose of the report:

- 1.1 To agree in principle the remaining stages in the delivery of the Blackpool Conference and Exhibition Centre project as set out in this report.

To seek delegated authority allowing the Director of Place to progress the scheme to completion.

To request authority to complete the project funding package through debt finance in the form of Prudential Borrowing, as detailed in the financial appendix to this report.

### 2.0 Recommendation(s):

- 2.1 That the principles in delivering the remaining stages of the Blackpool Conference and Exhibition Centre project are agreed as set out in this report.
- 2.2 That the Director of Place be provided with delegated authority to complete the delivery of the scheme as set out in this report, to include the completion of all due diligence associated with the project.
- 2.3 That authority is provided to complete the project funding package through debt finance in the form of Prudential Borrowing, as detailed in the financial appendix to this report.

### 3.0 Reasons for recommendation(s):

- 3.1 To deliver a fit for purpose 21<sup>st</sup> century conference centre which once delivered will allow Blackpool to compete in the economically important business tourism sector and significantly contribute toward attaining the Council vision for Blackpool of being the UK's number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town.
- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None, other than not to proceed with Conference Centre which would lose the Council grant funding already committed and not achieve the Council's objectives.

#### **4.0 Council Priority:**

4.1 The relevant Council Priority is:

"The economy: Maximising growth and opportunity across Blackpool"

#### **5.0 Background Information**

5.1 Following receipt of delegated authority under Executive decision EX34/2016 allowing the Director of Place to progress the project, a number of significant steps have been taken toward delivery of the scheme including:

- Full planning approval including listed building consent
- Completion of scheme designs to technical stage
- Selection of the preferred bidder for the main construction works
- Coastal Communities grant funding award in full
- Growth Deal 3 grant funding award in full
- Derelict properties situated on Leopold Grove have been demolished creating the construction site compound
- Commencement of the enabling works project

5.2 The next major milestone for this project is to begin the main construction period, due to start in October this year.

5.3 The programme of construction works has been developed in conjunction with Blackpool Entertainment Company Limited, so as to minimise business disruption while continuing to meet the forecast project time schedule and will follow the summary, indicative plan set out below:

- October 2017. Commencement of remaining demolition and existing building repairs
- December 2017. New build construction commences
- August 2018. Internal fit-out begins
- January 2019. External landscaping to be undertaken
- March - April 2019. Testing and commissioning to take place
- April 2019. Complete construction and handover

- 5.4 On completion of the associated due diligence, entry into a formal contract with the main construction contractor (selected preferred bidder), will be required prior to beginning the main construction work package.
- 5.5 The authority sought through this report will allow completion of the project as set out at 5.3 and 5.4 above, in addition to finalising the associated funding package.
- 5.6 Does the information submitted include any exempt information? No
- 5.7 Is the Corporate Delivery Unit aware of this report? Yes

The Corporate Delivery Unit has been involved in the creation and development of the Town Centre Strategy to which this decision is intended to contribute. The Unit is working with the Growth and Prosperity Team to develop an evaluation matrix.

**5.8 List of Appendices:**

Appendix 3a Finance – Commercially Sensitive Information.

**6.0 Legal considerations:**

- 6.1 The Council's contracting and commissioning procedures will apply when entering into the main construction contract. A suitable contract will be developed in consultation with the Council's Legal Services team.

**7.0 Human Resources considerations:**

- 7.1 None.

**8.0 Equalities considerations:**

- 8.1 None.

**9.0 Financial considerations:**

- 9.1 This project is funded by a combination of grant funding and debt finance. All of the grant funding applied for has been secured. Approval has already been provided to implement a number of decisions authorising funding to reach this stage of development namely:

- EX34/2016 on the 18 July 2016, PH60/2016 and EX41/2016 regarding the funding for Architects
- Officer Decision on the 2 May 2017, pre-construction works
- EX20/2017 approving funding on the 19 June 2017 for the Enabling Works package

These decisions approved Council funding of £1,450,950. The costs of the scheme and associated funding package are set out in Appendix 1. Subject to authority,

the remaining funding balance is to be met through Prudential Borrowing. Table 1 below sets out the debt repayment estimates in summary form. Analysis of the forecast Conference Centre business plan confirms financing costs will be met through new, incremental business, generated as a direct result of the project.

**Table 1 - Estimated Debt repayments Summary**

£'000's

Year	1	2	3	4	5	6 - 30	Total
Debt finance costs	650	637	624	611	598	10,725	13,845

9.2 Additional project costs, notably requirements for improvements to the existing electrical infrastructure, have been identified during the design process and are being met from the scheme funding package.

9.3 As set out in Executive Report EX34/2016, remaining financial surpluses generated through new, incremental Conference and Exhibition Centre business, and after charging all associated expenditure, will be allocated to a ring-fenced sinking fund to be used for the upkeep and further enhancement of the Winter Gardens complex.

## **10.0 Risk management considerations:**

10.1 The Winter Gardens is Grade II\* listed with different elements of the structure built between 1875 and 1939. This, together with prolonged historical under-investment prior to the building being brought back into public ownership, means that large scale building works on the site of the complex contain inherent risk. Partly in order to mitigate this risk, a range of condition surveys have been undertaken as part of the design process and enabling works package so as to identify and manage such issues, however this risk will require continued close management through to project completion.

10.2 The time constraints associated with completing the project are extremely tight. All the major scheme deadlines have been met to date and robust management arrangements will continue so as to help ensure the risk of deviation from schedule is mitigated.

10.3 A number of robust financial, performance and risk management controls and measures have been implemented as part of the delivery of this scheme. These will continue to be maintained in order to help manage the specific points listed at 10.1 and 10.2 above in addition to other project risk considerations.

## **11.0 Ethical considerations:**

11.1 None.

**12.0 Internal/ External Consultation undertaken:**

- 12.1 Consultation has taken place with both internal departments and external consultants on the requirements set out in this report.
- 12.2 Stakeholder communication will continue throughout the delivery of this project.

**13.0 Background papers:**

- 13.1 None.

**14.0 Key decision information:**

- 14.1 Is this a key decision? Yes
- 14.2 If so, Forward Plan reference number: 23/2017
- 14.3 If a key decision, is the decision required in less than five days? No
- 14.4 If **yes**, please describe the reason for urgency:

**15.0 Call-in information:**

- 15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No
- 15.2 If **yes**, please give reason:

**16.0 Scrutiny Committee Chairman (where appropriate):**

Date informed: 1 September 2017      Date approved: N/A

**17.0 Declarations of interest (if applicable):**

- 17.1

**18.0 Executive decision:**

**18.2 Date of Decision:**

**19.0 Reason(s) for decision:**

**19.1 Date Decision published:**

**20.0 Executive Members in attendance:**

**21.0 Call-in:**

**22.0 Notes:**