

## Response to Request for Information

Reference      FOI 001881  
Date            19 January 2018

### *Civic Hall Delay*

#### **Request:**

Under the Freedom of Information Act can you please provide me with the following information about the delays to the refurbishment of the Civic Hall:

1. All emails sent within the organisation or held on the servers about the topic in the last two months.  
Your question for information has now been considered and the City of Wolverhampton Council is not obliged to supply the information you requested for the reasons set out below.

Section 17 of the Freedom of Information Act 2000 requires City of Wolverhampton Council, when refusing to provide such information (because the information is exempt) to provide you, the applicant with a notice which:

- (a) states the fact,
- (b) specifies the exemption in question and
- (c) states (if that would not otherwise be apparent) why the exemption applies:

In relation to your particular request, the following exemption applies:

#### **Section 12 - Exemption where cost of compliance exceeds appropriate limit**

We can confirm that the Council holds information falling within the description specified in your request. However, Section 12 of the Freedom of Information Act 2000 allows a public authority to refuse a request if the cost of providing the information to the applicant would exceed the 'appropriate limit' as defined by the Freedom of Information.

The Regulations provide that the appropriate limit to be applied to requests received by local authorities is £450 (equivalent to 18 hours of work). In estimating the cost of complying with a request for information, an authority can only take into account any reasonable costs incurred in:

- (a) *Determining whether it holds the information,*

- (b) *Locating the information, or a document which may contain the information,*
- (c) *Retrieving the information, or a document which may contain the information,*
- and
- (d) *Extracting the information from a document containing it.*

*For the purposes of the estimate the costs of performing these activities should be estimated at a rate of £25 per hour.*

The information appertaining to your question is not easily accessible. To get the information would require a full scale look into all individual records across the organisation and as such we believe that the aggregated time it would take to collate the information would be in excess of 18 hours (equivalent to a notional cost of £450).

2. All media briefings produced, Lines to Take documents, draft press releases/statements and all Q&As produced by your media team about the topic. I'd like that for 2017 and 2018 (so far please)  
See attached, Civic Hall Press Releases.

3. The risk assessment of the project?  
The Council considers that the information you have requested, which we have identified above, is exempt from disclosure under Section 43 of the Freedom of Information Act. Section 43(2) – Prejudice to Commercial Interests of the Act permits the Council to withhold information if its disclosure would, or would be likely to, prejudice the commercial interests of any person, including the public authority holding it.

We should explain that, under Section 43(2) of the Freedom of Information Act 2000, the Council considers that to disclose the information you have requested, at this stage, would prejudice the commercial interests of the parties mentioned above and this information is therefore exempt from disclosure. The information is commercially sensitive to the companies and it is important to their competitiveness that they are able to remain as a participant in the market. With regards to the Council's commercial interest, if the Council disclosed this type of information it would adversely affect our ability to source companies in a competitive environment.

Where the Council decides that the information requested is exempt from disclosure under section 43 of the Freedom of Information Act, it must then apply what is known as a "public interest test". This requires the Council to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing information.

In applying the public interest test the Council gave careful consideration to the arguments for and against disclosure. When considering factors which would favour disclosing the information, the Council had to assess whether disclosure of the information would:

- Allow for more informed debate on the issue;
- Promote accountability and transparency for our decisions and in our spending of public money; and
- Assist the public to understand and challenge our decisions.

However, there are also public interest arguments against disclosure:

- Releasing the requested information could prejudice the Council's current or future negotiation capabilities.

When considering public interest for and against disclosure of this requested information, the Council considers that the public interest in withholding the information from disclosure to the wider world outweighs the public interest in disclosure. The reason for this is by releasing the data contained in the risk assessment includes commercial information relating to contractor's potential activity. Releasing such information to the public domain may prejudice measures intended to mitigate financial and legal risks and may potentially damage the business of the supplier to share their information with third parties.

The Council also considers that disclosure of such information would be damaging to the Council's commercial interest as it would be likely to:

- (a) discourage companies/individuals from providing the Council with commercially sensitive information in the future or undertaking contracts with the Council;
- (b) adversely affect the Council's bargaining position during future contractual negotiations.

Against these considerations the Council had to balance the likelihood of disclosure having an adverse affect on the commercial interest of the contractors and the Council itself.

Having taken into account the arguments for and against disclosure, the Council decided that the public interest in this case is best served by maintaining the exemption and by not disclosing the information requested, at this stage. The Council considers that the possible benefits of disclosure are outweighed by the real risk of causing prejudice to the commercial interests of the contractors concerned and the Council itself.

4. The extra £23.6 million for the refurbishment has been outlined in the local media:
  - Can you provide a detailed breakdown of where every £ will come from of that cash?
  - Can you also outline which, specifically, what property will be disposed of?
  - The council has told local media that the sale of surplus council land and buildings will cover most of the cost. Can you provide a list of land and property you propose to sell?

We can confirm that the department holds information that you have asked for in relation to the above. However, the information is exempt under section 21 of the FOI Act because it is reasonably accessible to you, and I am pleased to inform you that you can access it on our website via the following link:

<http://wolverhampton.moderngov.co.uk/documents/s64033/Item%207%20-%20Civic%20Halls%20Improvement%20and%20Full%20Restore.pdf>

Section 21(1) of the Freedom of Information Act exempts disclosure of information that is reasonably accessible by other means, and the terms of the exemption mean that we do not have to consider whether or not it would be in the public interest for you to have the information.

You can find out more about Section 21 by reading the extract from the Act, available at: <http://www.legislation.gov.uk/ukpga/2000/36/section/21>

5. When was the first time the council was made aware that the scheme could be delayed. Can you provide me with the time and date and, if held in email or letter form the correspondence in question?  
[As above.](#)
6. What was done at that stage, on that date, or on subsequent days (please outline the date) to mitigate the delay?  
[As above.](#)

## **Additional security measures at Civic and Wulfrun Halls**

Released: Thursday 19 October, 2017

Visitors to the Civic and Wulfrun Halls are being reminded that enhanced security measures will be in place when the popular venues reopen tomorrow (Friday 20 October, 2017).

To strengthen security and public safety both inside and outside the venues a number of temporary measures will be in operation, including road closures around the Civic and Wulfrun Halls on show nights.

There will also be enhanced security measures around the buildings and on the way to and from both venues.

Councillor John Reynolds, the City of Wolverhampton Council's Cabinet Member for City Economy, said: "With the threat level for terrorism in the UK currently at severe, we have taken the prudent step of installing additional security measures at our venues for customer and staff safety. These are in common with those seen elsewhere in the country.

"I would urge visitors to familiarise themselves with the measures and to arrive early at our venues to give themselves ample time to pass through the security cordon. We will endeavour to get people into the buildings as quickly as we can but queuing is likely, especially at sell out events. We will open the doors early wherever possible."

Roads will be shut around the buildings for major events, with Red Lion Street, Mitre Fold and North Street closed to all traffic on show nights. This will mean that people wishing to park at the Civic Centre will need to access the car park via Wulfruna Street.

Alternative car parks, all within a 10-minute walk of the Civic and Wulfrun Halls, will be open as usual, including Broad Street, Fryer Street, School Street, Fold Street, Peel Street and Temple Street. The pedestrian route to the Civic Hall from the Civic Centre car park will remain open.

Searches will take place in covered areas outside the Civic and Wulfrun Halls. No bags over the size of an A4 sheet of paper will be allowed into either venue, and no bottles will be permitted.

In addition, concrete barriers have been installed outside the Civic and Wulfrun Halls for the safety of pedestrians.

For more details, please visit [www.wolvescivic.co.uk/-/your-visit](http://www.wolvescivic.co.uk/-/your-visit).

Forthcoming gigs include W.A.S.P at the Wulfrun Hall tomorrow (Friday), Placebo at the Civic Hall and Hugh Cornwell at the Wulfrun Hall on Saturday and the British CMA Awards at the Wulfrun Hall on Sunday.

**ENDS**

**Notes to editors:**

1/ For more information or to arrange an interview, please contact Paul Brown, Communications Advisor, on 01902 555497 or email [paul.brown@wolverhampton.gov.uk](mailto:paul.brown@wolverhampton.gov.uk).

- **Issued by the City of Wolverhampton Council's Corporate Communications Team.**
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  - [www.youtube.com/wolverhamptontoday](http://www.youtube.com/wolverhamptontoday)

## **Fans welcome enhanced security measures at concert halls**

Released: Tuesday 24 October, 2017

Fans have welcomed enhanced security arrangements introduced at the City of Wolverhampton Council's Civic and Wulfrun Halls entertainment venues last week.

To strengthen security and public safety inside and outside both venues a number of temporary measures are now in operation, including road closures around the Civic and Wulfrun Halls on show nights.

There is also enhanced security measures outside and in the buildings, with searches taking place prior to people entering the venues and concrete barriers installed outside for the safety of pedestrians.

The new arrangements were put into place for the first time on Friday night (20 October) for a sell-out performance by W.A.S.P, with over 1,100 fans descending on the Wulfrun Hall to see the 80s metal icons in action.

Councillor John Reynolds, the City of Wolverhampton Council's Cabinet Member for City Economy, said: "The enhanced security measures were well received by concert goers.

"Our staff spoke to a number of customers who, in light of recent terrorist attacks in other parts of the country and around the world, were slightly nervous about coming to a gig and who found it reassuring that they would have to be searched on entry.

"I would like to thank people for heeding our warnings to allow themselves extra time to pass through security, and it was pleasing that we managed to keep queues to a minimum even though this was a sell-out performance."

In her review of W.A.S.P's gig, Express & Star group online entertainments editor Kirsten Rawlins noted: "As we went through the searches and barriers it admittedly felt a little like we were heading into a festival than a gig, but the additional checks were very welcome and reassuring.

"Though it's unfortunate the City has had to bring in these measures and senses are clearly heightened, it was good to know we were being looked after."

Commenting on the Wolverhampton Today Facebook page, one individual wrote: "Smart moves, Wolverhampton Council. Well done." Another added: "Sad but sensible... a sign of the times."

With more big names coming to the Civic and Wulfrun Halls in the coming weeks, including comedians Jimmy Carr, Henning Wehn, Lee Nelson and Rich Hall, and 8,000 people expected at the Civic Hall on Saturday and

Sunday for the 10<sup>th</sup> anniversary of the ever-popular West Midlands Vegan Festival, fans are urged to familiarise themselves with the enhanced security measures.

These include road closures for major events, with Red Lion Street, Mitre Fold and North Street shut to all traffic when shows are taking place. This will mean that people wishing to park at the Civic Centre will need to access the car park via Wulfruna Street.

Alternative car parks, all within a 10-minute walk of the Civic and Wulfrun Halls, will be open as usual, including Broad Street, Fryer Street, School Street, Fold Street, Peel Street and Temple Street. The pedestrian route to the Civic Hall from the Civic Centre car park will remain open.

Searches prior to entry will take place in covered areas outside the Civic and Wulfrun Halls. No bags over the size of an A4 sheet of paper will be allowed into either venue, and no bottles will be permitted.

For more details, please visit [www.wolvescivic.co.uk/-/your-visit](http://www.wolvescivic.co.uk/-/your-visit).

## **ENDS**

### **Notes to editors:**

1/ For more information or to arrange an interview, please contact Paul Brown, Communications Advisor, on 01902 555497 or email [paul.brown@wolverhampton.gov.uk](mailto:paul.brown@wolverhampton.gov.uk).

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A City of Wolverhampton Council spokesman said: “We are currently reviewing the options and we cannot stress enough that no decision has been made.

“The Civic Halls are hugely important to our city’s economic wellbeing. Every year they attract 330,000 visitors, bring in £4.3 million and support 360 jobs.

“Plans for the £14.4 million redevelopment of the 80-year-old, Grade II-listed building have begun but work was held up when contractors uncovered major issues. We then commissioned much more intrusive survey work to look at these.

“We now know the scale of the issues we face to return the Civic to its former glory. This includes a completely new electrical and engineering system, major structural work, including a new roof and the latest safety and security measures. We’re currently in the process of finalising the costs of this additional work but the project will inevitably cost millions more.

“The council could just continue with the current scheme but we want to ensure that the city has a venue fit for future generations. So, before any further works start, we are exploring national and regional funding options that could contribute to what will, in effect, be a much larger project.

“Our city is not alone in facing the problem of refurbishing a popular civic music venue – places like Derby and Bristol are also tackling similar issues and trying to balance the cost of redeveloping old venues in their cities with the huge economic benefit they bring. It has been reported that the 150-year-old Colston Hall in Bristol needs £48.8 million for redevelopment, while the cost of redeveloping the Assembly Rooms in Derby could cost up to £46million.

“A thriving and vibrant city centre that continues to draw people from all over the country and creates even more jobs and prosperity is a key part of our vision for the City of Wolverhampton. The Civic Halls is crucial to that future.”

## **Civic Halls project: Q and A's**

### **Could we phase the works?**

Currently, there's an ongoing technical assessment considering options for re-phasing the works. Essentially, this may be possible but it would have a detrimental impact on the overall cost and timescales of the project, delaying the opening of a new venue by years. Once we have the detailed delivery plan we will of course see if this is possible.

### **Could we not simply keep building open in current condition?**

In the short-term, there is an option to do this but it would not solve the issue of the significant structural, engineering and electrical work that needs to be done. That would have to be tackled sooner rather than later.

The same goes for just carrying on with the £14.4m scheme. This will make big improvements to the customer experience but again, will not address the structural, engineering and electrical work that needs to be done.

Basically, there's no getting away from the fact that the work needs to be done to give the city a venue that's fit for the future. If we stall there is a real risk that the building could fail and then we would have to close it.

### **What are the economic benefits to the city of doing the scheme?**

The Civic Halls are crucial to the cultural and economic life of the city. The current venue brings in 330,000 visitors, directly supports 360 jobs and contributes £4.3m to our economy.

We've commissioned consultants (BOP consulting) to review the economic business case of the new scheme which we estimate will see a further 75 jobs created and visitor numbers increase by 33% to around 440,000.

Around 80% of the jobs are held by city residents.

### **How sure are we that we can re-establish the Civic Halls business?**

We're confident that the big acts will return if we do this. We'll be creating a world-class venue for bigger audiences which is exactly what promoters are looking for. We have commissioned specialists (Sound Diplomacy) to provide a current market assessment of the sector, identify commercial opportunities and look at the potential for naming rights.

Last month, we announced Ticketmaster as our ticketing agent. They're a global brand and will deliver full ticketing services for us and enhance the customers' ticket journey from the minute someone decides to purchase a ticket through to entry to the show.

As well as providing leading technology solutions, unrivalled marketing reach and customer insight, Ticketmaster also offer dedicated contact centre support services.

In addition, the council has had discussions with the Professional Darts Corporation (PDC) who run the world grand slam of darts. We think we have agreed a commercial proposal which would retain the event in the City for the 2 years the Civic Halls are potentially closed.

We'll also be looking at new business development opportunities such as conferences and other events including theatre shows.

### **Have we considered a new build option?**

There's been a lot of comment about this on social media. This and other options were considered back in 2013 when we commissioned a major customer survey. At the time, the feedback supported the current option – largely I think because of the history, heritage and special place the venue has in the hearts of very many people.

Despite the potential increase, we feel it's still the best and most viable option. A new-build would mean finding and buying a new, viable city centre location. We would then be left with an empty-shell Civic Halls which, as a listed building, we would have no other obvious use for (think Dudley Hippodrome) and we would have to maintain and secure it at a cost of £100,000's a year.

Examples from other areas show the cost of new build isn't cheaper. Derby is currently looking at options for a new music and performance venue at an estimated cost of £32 million for a maximum capacity of 3,000. Our proposal would see a venue with a capacity of up to 2,000 more (5,000 total capacity for both) for a similar level of investment. The Colston Hall in Bristol, a broadly similar sized listed venue, is being refurbished at an estimated cost of £49 million.

As a brand, the Civic is a unique part of the fabric of the city and in the DNA of its people and the music industry.

### **Has anybody been held to account for this?**

When the project was first conceived we fully appreciated the complexity and scale of the project we brought in a range of industry specialist with significant experience in delivering such projects and relied on this advice

We always review major projects to see what we can learn and do better in the future – that process is ongoing.

Due to the significance of this particular issue the Managing Director has commissioned a 'lessons learned' review. Clearly, we will respond to the specific issues it raises and take appropriate management action.

Tim Johnson, Deputy Managing Director, will also assume personal oversight of this project which we will reflect in our formal project governance arrangements and Claire Nye, Director of Finance, from a financial perspective will also do similar. This will hopefully provide councillors with assurance that if the decision is taken to proceed in January that the project will be effectively delivered – this will involve the appointment of an experienced Project Director to assume overall responsibility for project – much as we have done with the Civic Centre project where I am the Senior Responsible Officer (SRO) with the project director reporting direct to myself – an arrangements which has proved effective as this £25 million project is on time and on budget.

## **Other Questions**

### **1. Are you closing the Civic Halls?**

- Closure's not an option - we're absolutely committed to the Civic Halls. It's a place that helps to put our city on the map and is hugely important to our economic wellbeing.
- Every year it attracts 330,000 visitors, brings in £4.3million and supports 360 jobs.
- With the improved scheme further jobs will be supported and visitor numbers are expected to increase by 33%.
- The current situation is that we are waiting for contractors to give us costs and options so that we can consider what we do next.

### **2. Why didn't you identify these issues earlier? You've been working on this for two years?**

- We were only able to find out extent of the asbestos and the structural issues when the Civic closed for a significant period for preparation work in January this year.
- The purpose of the **original scheme** was to increase the level of commercial income that could be generated from the Civic Halls. This attracted a grant of £6.2 million to cover the costs of new balconies and bars

- In addition, the Council's Property services had identified £2 million of repairs. This included replacement of the heating and ventilation, based on technical and costs advice commissioned from Jacobs. Cost of replacement included in the business case approved in October 2014.
- Following approval of the business case the project delivery team was assembled:
  - Corporate Landlord to provide a one stop shop
  - Design expertise outsourced from Jacobs
  - Project management outsourced from Gleeds.

- **Summary of asbestos issues** – This work was contracted separately in order to meet grant requirements and to clear the building ready for the main contractor (an extra £0.4 million secured from the Black Country LEP for asbestos removal). However, our current contractor Shaylor's, have identified that asbestos requiring removal is much more extensive, than earlier removal work had identified
- **Heating and ventilation** – The latest advice is that the specification for the heating and ventilation system needs to be upgraded as it will not meet new regulations coming in next year.
- **Other structural issues:** As our contractors began to uncover other structure issues earlier in 2017, we immediately commissioned much more intrusive survey work. This told us that the building needs major structural (including a new roof), engineering and electrical work to make it fit for future generations. If we left this and did it later, it would cause further major disruption, so we are proposing to do it now.

But clearly, even if two years ago we had found out about the problems we would still be in the same position, faced with the prospect of spending millions more – this would have been unavoidable. Having the information at that time though would have helped us better plan for the future.

### **3. Why the huge increase?**

In simple terms, a lot more work is needed to the building. We were only able to find this out when the Civic closed for a significant period for preparation work in January this year. Our contractors began to uncover additional issues and we immediately commissioned much more intrusive survey work. This told us that the building needs major structural (including a new roof), engineering and electrical work to make it fit for future generations.

### **4. How are you going to fund this?**

Officers are currently working up the options but this includes a combination of additional council capital receipts and national and regional grant funding. We will also maximise commercial opportunities such as working more closely with commercial operators and naming rights.

### **5. Why don't you know the costs?**

We are waiting for contractors to give us costs and options so that we can consider what we do next. We're likely to get this by the end of the year but we estimate it will be in the region of up to £38m.

#### **Other facts: Economic benefits**

An independent survey in 2013 showed that on their last visit:

- 72% of visitors also visited local bars
- 42% visited local restaurants
- 29% visited local shops

#### **Who uses the Civic Halls**

An independent survey that was commissioned at the start of the project identified that:

- 24% of the audience lived in the City of Wolverhampton
- 19% came from the wider Black Country
- 57% from wider afield

Many of the Civic halls regular customers have lower than average levels of income, demonstrating the social value that the Halls provide:

- 13.5% come from households with incomes of £20,000 or less

- 33.7% come from households with incomes between £20,000 to £39,000

## **Civic Halls set to undergo £38 million full restoration**

Released: Friday, January 19, 2018

City of Wolverhampton's historic Civic Halls are set to undergo a £38 million overhaul to ensure they remain the jewels in the crown of the Black Country's entertainment business.

Further in-depth surveys and reports have revealed structural, mechanical, electrical and engineering issues that could be detrimental to the future operation of the 80-year-old Grade II-listed building if left unattended.

Expanding the original improvement programme to make it a full restoration of the iconic halls has therefore been proposed.

As well as ensuring a top-quality entertainment venue for the next 25 years and beyond, independent consultants estimate the whole project will support 876 direct and indirect jobs, attract 440,000 visitors a year to the city, and bring £8.3 million worth of goods and services to the city.

For the full restoration to take place the building will have to remain closed until Autumn 2020, with a small number of events and acts already booked in for 2018 offered the chance to relocate to alternative venues in the city.

The plan was approved by City of Wolverhampton Council's Cabinet Resources Panel on Tuesday and must be officially agreed by Full Council on January 31.

If approved, the increase of £23.6 million on the project will be mainly funded by the sale of surplus council land and buildings. There is also a strong potential to secure external grants and funding from regional and national bodies.

Cabinet Member for City Economy, Councillor John Reynolds, said: "The Civic Halls are a very special place.

"Generations of Wulfrunians and music and comedy fans from across the UK have shared unforgettable memories here with international stars and the biggest bands.

"This year, the Civic is celebrating its 80<sup>th</sup> birthday and remains to this day hugely important to our city's economic well-being.

"Every year it attracts hundreds of thousands of visitors, brings in millions of pounds and supports hundreds of jobs.

"Given the mammoth magnitude of the issues uncovered by our contractors, it's fair to say that the full restoration work we are now proposing is a very different project from the original one.



“However, a thriving and vibrant Civic Halls - that continues to draw people from all over the country - is a key part of our vision for a successful city.

“We believe we need to make this important commitment to secure jobs and investment and to give the city a venue it can be proud of for generations to come.”

The original improvement scheme included increased seating through new balconies, improved and new bar and hospitality areas, ventilation, lifts and better access to the Wulfrun Hall.

The full restoration will also deliver vital structural, mechanical, electrical and engineering work to ensure a top-quality performer and audience experience.

Significant structural changes are required to accommodate the extra weight of mechanical and electrical equipment, as well as repairs to the fabric of the building.

Asbestos requiring removal to facilitate core works is also more extensive than anticipated prior to initial opening-up works.

Building defects are significant and require immediate attention, such as roof repairs and re-tiling, lift replacement, building fabric and parapet repairs.

Security, alarms and emergency lighting also requires comprehensive replacement; and the additional counter terrorism measures, following recent national events, have impacted on the cost of the scheme.

## **ENDS**

### **Editors notes:**

1/ The value of goods and services a city produces is measured by Gross Value Added (GVA)

2/ Cabinet Report July 2014: Black Country (Growth Deal – Civic Halls and Grand Theatre Improvement Programme, set out the initial business case and the total job and GVA figures for the project, based on the economic impact assessment carried out by Burns Own Partnership in 2013. Cabinet Resources Panel October 2014: Black Country Growth Deal – Cultural Capital Programme, reconfirmed the figures, set out the final business case for LEP investment in Civic Halls project, that also included a modest investment in the Grand Theatre. Cabinet Resources Panel July 2016: reconfirmed that the project would safeguard 637 jobs in the wider economy and create another 120 direct and indirect jobs, totalling 757.

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City of Wolverhampton Council Cabinet Member for City Economy, Councillor John Reynolds, said: "When the project was first conceived we appreciated the complexity and scale of it and brought in a range of industry specialists with significant experience in delivering such projects - and relied on their advice.

"We always review major projects to see what we can learn and do better in the future – that process is ongoing.

"When work commenced last year it quickly became clear further in-depth surveys and reports were needed and these revealed structural, mechanical, electrical and engineering issues that could be detrimental to the future operation of the 80-year-old Grade II-listed building if left unattended.

"Fundamentally, this is now a totally different project. The full restoration scheme is significantly bigger in size and scope than the original one. The costs are comparative with other parts of the country, where similar schemes are taking place. Our proposal would see a venue with a capacity of up to 5,000 for the Civic Halls. The Colston Hall in Bristol, a broadly similar sized listed venue, is being refurbished at an estimated cost of £49 million.

"In many other cities and towns across the country, important cultural assets are being closed down, because councils can no longer afford to maintain them. We do not want this to happen here in the City of Wolverhampton. Our cultural assets and music heritage play a critical role in the city's quality of life and our ambitious regeneration plans to deliver more jobs and growth.

"Some of the funding will come from borrowing that will be met by an increase in earned income from the fully-restored Civic Halls.

"The new scheme will be partially funded by capital receipts generated by the sale of surplus council land and buildings. There is already an agreed programme of disposals in place over the next three years expected to realise a capital receipt to the council of £29 million. This funding will be re-invested in the council's strategic assets, of which the Civic Halls is one of the most important.

"Detailed discussions with external partners and funders are also taking place to see what funding is available from them.

"We are also proposing a modest ticket levy, which is commonplace in the industry where venues require major restoration. To help fund the full restoration the business plan includes a £1 ticket levy on each ticket sold for events at the Civic Halls once they reopen.

"Each event booked in for 2018 is during the autumn/winter period and has to be dealt with separately. Promoters have been receptive to our proposals in terms of helping them try and relocate to alternative venues within the city. The requirement of each individual artist and promoter varies. There are a number of venues that might be available on some of the dates and our local partners have also come forward with suggestions for other alternative venues.

“As well as ensuring a top-quality entertainment venue for the next 25 years and beyond, independent consultants estimate the whole project will support 876 direct and indirect jobs, attract 440,000 visitors a year to the city, and bring £8.3 million worth of goods and services to the city. We believe we need to make this important commitment to secure jobs and investment and to give the city a venue it can be proud of for generations to come.”

City of Wolverhampton's historic Civic Halls are set to undergo a £38 million overhaul to ensure they remain the jewels in the crown of the Black Country's entertainment business.

For the full restoration to take place the building will have to remain closed until Autumn 2020.

The Grand Slam of Darts will be staying at an alternative venue in the city while the Civic Halls are closed.

In terms of other events booked in for 2018, we are suggesting alternative city venues to promoters and the initial feedback from promoters is positive as we work with them to reschedule.

In the meantime, customers are advised to keep hold of their tickets and event organisers will contact them soon.

**Why did it take so long to realise the foundations were not strong enough to take on the weight of the new structure?**

A City of Wolverhampton Council spokesman said: “The heating and ventilation proposals for the scheme have been significantly upgraded since the original project was started.

“Further examination of the building in 2017 identified areas where the existing columns and foundations required supplementing to safely carry the additional load of larger heating and ventilation mechanical plant, and this is now integrated into the main scheme.

“The new heating and ventilation system will also fully align with the latest energy efficiency standards that are to become mandatory in April 2018.”

**What are the specific 'reduction in staffing levels' mentioned in the report - and over what period?**

Staff reductions between now and Autumn 2020:

A City of Wolverhampton Council spokesman said: “The number is likely to be small once vacant posts are taken into account and we know how many events will be moving to alternative locations.”

# Meeting of the City Council

## 31 January 2018

<b>Report title</b>	Civic Halls Improvements and Full Restoration	
<b>Referring body</b>	Cabinet (Resources) Panel	
<b>Councillor to present report</b>	Councillor John Reynolds	
<b>Wards affected</b>	All	
<b>Cabinet Members with lead responsibility</b>	Councillor John Reynolds, City Economy Councillor Peter Bilson, City Assets and Housing	
<b>Accountable director</b>	Tim Johnson, Strategic Director, Place	
<b>Originating service</b>	Place	
<b>Accountable employee</b>	Tim Pritchard	Head of Corporate Landlord
	Tel:	01902 552904
	Email:	<a href="mailto:tim.pritchard@wolverhampton.gov.uk">tim.pritchard@wolverhampton.gov.uk</a>
	Keren Jones	Service Director City Economy
	Tel:	01902 554739
	Email:	<a href="mailto:keren.jones@wolverhampton.gov.uk">keren.jones@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Cabinet (Resources) Panel	16 January 2018

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### Recommendations for decision:

The Council is recommended to:

1. Approve the scope of construction and associated works for the comprehensive restoration of both Wulfrun and Civic Halls (see appendix 1 to the report);
2. Approve the additional capital budget and resources of £23.7 million required to deliver the Civic Halls project (as detailed in section 9 of the report).
3. Approve the development of a ticket levy to support the proposed scheme, and delegate authority to the Cabinet Members for City Economy and Resources, in consultation with Strategic Director for Place and Director of Finance, to approve the scheme detail.
4. Delegate authority to the Cabinet Member for City Economy, in consultation with Strategic Director for Place, to agree the contract variation with Shaylor Group when the negotiation process is complete.

## **1.0 Purpose**

- 1.1 The purpose of this report is to recommend that Full Council approves the recommendations and delegation, as reported to Cabinet (Resources) Panel on 16 January 2018. These recommendations were made in the context of a revised business case and address significant building fabric, structural and building management issues that have been identified following detailed technical surveys and reviews undertaken in 2017 Quarter three.

## **2.0 Background**

- 2.1 Cabinet (Resources) Panel on 16 January 2018 considered and agreed the business case and report on the Civic Halls project which is now the subject of this report to Full Council.

## **3.0 Project Scope**

- 3.1 The aim of the project is to deliver the following economic outcomes:
- Attract additional visitors to the venue (circa 63,000 visitors per annum);
  - Safeguard and create direct and indirect jobs in the city
  - Develop a partnership with the City of Wolverhampton College (supporting 2,730 learners over six years, and resulting in the creation of 100 jobs and apprenticeships).
- 3.2 Consequently, the project will improve the overall entertainment offer in the Civic Halls, principally:
- New balconies and increased seating capacity in both Civic and Wulfrun Halls;
  - Improved hospitality offers with new bars, toilets and meeting/circulation spaces;
  - Improved accessibility (for disabled visitors); and
  - Modernisation of staging and supporting technologies for performers.
- 3.3 Alongside this, surveys identified the need for the following essential repairs and planned preventative maintenance items were identified, and where necessary brought forward, as they are integral to the scheme:
- Essential repairs and maintenance;
  - Renewal of the heating and ventilation system;
  - Structural items requiring replacement;
  - Modification to existing electrical systems; and
  - Localised asbestos removal/encapsulation necessary to accommodate above works.
- 3.4 A scope of works was identified and formed the basis of a tender package to the open market.



## 4.0 Scope of Works

- 4.1 Following initial enabling works (including reinstatement to accommodate Autumn 2016 programme of events) a contract for works was let to the Shaylor Group, commencing on site January 2017. As early 'opening-up' works progressed concerns were raised about the condition of the building, the extent of unforeseen asbestos, the limited 'resilience' of existing electrical systems and the effectiveness of the mechanical heating and ventilation. An independent review was undertaken of the proposed works and subsequently advised further assessment of the:
- Building structure, condition and residual defect/repairs;
  - Heating, ventilation and air conditioning including a review of the thermal model to ensure appropriate operational temperatures for events;
  - Retained services planned to remain in place, such as electrical systems, IT, access control, intruder alarm, voice alarm, induction loops;
  - Management, safety and security systems including any additional items that are required to support the health and safety activities post completion;
  - Building operation, management and security controls, considering recent events in the UK;
  - Proposed works supporting 25-year lifecycle planning following completion; and
  - Legislative changes specifically in relation to mechanical and electrical plant and equipment.
- 4.2 A comprehensive suite of intrusive surveys, assessments and preliminary re-designs have benefited from the 'opening-up' works, supplementing and providing more detail to previous surveys undertaken at the outset of the project. Combined with consideration of anti-terrorism measures and imminent legislative changes, they have informed a revised scope of work necessary to comprehensively restore the building.
- 4.3 The surveys and assessments have confirmed that the initial scope of contract works cannot be delivered within the approved budget, primarily for the following reasons:
- Changes in legislation have led to increased provision of mechanical heating and ventilation equipment to ensure statutory compliance. Performer and audience comfort needs to be assured with effective air conditioning.
  - Significant structural changes are required to accommodate the additional loadings generated by compliant mechanical and electrical equipment, as well as repairs to the fabric of the building;
  - The existing electrical substation is outdated, has insufficient capacity for future events and requires replacement;
  - Many of the existing mechanical and electrical systems are close to end-of life and require urgent replacement to mitigate imminent risk of failure, whilst providing a low maintenance solution moving forward;

- Building defects are significant and require immediate attention to ensure improvements provide a the 25-year life span;
- Counter terrorism measures have impacted the scheme following recent national events, such as in Manchester (reference Counter Terrorism report 2010).

4.4 The proposed scope of works for the recommended full restoration scheme, compared to the current improvement scheme, is summarised in the business case in appendix 1 and can be summarised as follows:

Element	Current Improvement Scheme £000	Proposed Restoration Scheme £000	Total £000
Construction works	9,780	14,620	24,400
Indirect costs (fees, surveys, etc.)	3,570	3,730	7,300
Contingency	1,050	5,350	6,400
<b>Total</b>	<b>14,400</b>	<b>23,700</b>	<b>38,100</b>

## 5.0 Technical Assurance

5.1 An independent Project Health Check (Faithful and Gould (F & G) December 2017) has assessed the scope, cost and delivery of the proposed restoration scheme; a summary of findings is as follows:

- **Cost:** F & G's experience of similar projects and with reference to industry standards confirms the builds cost to be commensurate with the budget estimate.
- **Procurement:** opportunity exists to renegotiate current contractual arrangements. Equally works can be re-tendered, should circumstances change.
- **Phasing and Programme:** the proposed single programme of circa 130 weeks is considered the best approach to mitigate disruption and minimise abortive cost.
- **Project controls:** a well-considered Project Execution Plan (PEP) is in place, setting out processes, governance and change control procedures.
- **Design/Professional Team:** designs and specifications contain information broadly in line with expectations relative to the design stage reached. These are informed by a robust suite of survey documents and provide a basis of Employers Requirements should works be re-tendered. Designs appear to be well-considered, meet the end user aspirations and will enhance the user experience.
- **Lifecycle:** Proposed works/budget aims to prolong the expected life of the building and improve the understanding of lifecycle activities and costs moving forward

(ongoing operations/maintenance). The enhanced scheme gives opportunity to capture lifecycle issues and address legacy backlog maintenance.

- **Value Engineering (Cost Reductions):** Limited opportunities are available to reduce the scope of the scheme without impacting on backlog/lifecycle maintenance issues; omitted works will be problematic/uneconomic to implement later.
- **Project Risks:** Risks are well considered, reviewed periodically and updated. Risk associated with asbestos should be largely mitigated by March 2018. Substantial contingency allowances are considered adequate for the remaining cost risk items.

5.2 The review provides assurance that the scope, cost and programme of works are appropriate to a heritage restoration project of this nature. It also acknowledges the difficulties and issues that have become apparent late in the project have been comprehensively informed by the opening-up works and intrusive surveys.

## 6.0 Financial implications

- 6.1 The cost of the proposed full restoration scheme is £38.1 million, of which £14.4 million is already approved and funded in the capital programme (Cabinet (Resources) Panel 19 July 2016). Funding sources that have been considered in the business case to meet the gap of £23.7 million is the use of capital receipts generated through the asset rationalisation programme, external grant funding and council borrowing.
- 6.2 There is an agreed programme of disposals in place over the next 3 years expected to realise a capital receipt to the Council of £29.0 million. Having taken account of existing commitments funded by receipts, it is considered reasonable to assume that a balance of £20.0 million can be used to fund the Civic Halls project. Further detail on the disposals programme can be found in the attached business case.
- 6.3 Further grant funding is also being considered to secure a full funding package for the scheme. Possible sources of grant available to this project are West Midlands Combined Authority funding and Heritage Lottery monies.
- 6.4 It is recommended that the capital programme budget is increased by £23.7 million to enable the full restoration scheme. To be prudent, this will be funded by capital receipts of £20.0 million and borrowing of £3.7 million. Any grant subsequently secured will enable a reduction in the call on Council resources (capital receipts and borrowing) in due course.
- 6.5 The revenue cost of this level of borrowing would be approximately £250,000 per annum. An analysis of expected net income from the Civic Halls indicates that this level of borrowing can be supported without a negative impact on the General Fund. The following factors have been considered when determining the base line net income to be generated:

- Base data from the latest events schedule and net income generated.
- Allowance for increased capacity as a result of the capital scheme i.e. increased seating and hospitality.
- A modest levy on tickets sales as recommended in this report.
- Agreements in place for the Box Office and provision of beers, wines and spirits.
- No assumption about growth in the number of events has been assumed.
- Projected employee costs and overheads.

6.6 Existing savings targets in the approved Medium Term Financial Strategy have also been taken into consideration when assessing the estimated net income.

6.7 Consideration has also been given to the maintenance costs of the Civic Halls post completion. It is estimated that an annual cost of maintenance £200,000 is realistic, a breakdown is given below. This cost is met from Corporate Landlord budgets.

<b>Annual Revenue Costs 2020 – 2024</b>	<b>£000</b>
Annual statutory compliance, cyclical maintenance	180
Reactive repairs	20
*Subject to inflation	
<b>Total revenue costs</b>	<b>200</b>

[CN/22012018/H]

## **7.0 Legal implications**

7.1 That the procurement process in respect of a full building restoration scheme, complies with the Council's Contract Procedure Rules and the Public Contracts Regulations.

[RB/23012018/B]

## **8.0 Equalities implications**

8.1 The designs for restoration and improvement for the Civic Halls will promote equalities, as they include making the venue more accessible to people with disabilities and creating a more family friendly environment, particularly in the smaller Wulfrun Hall. A more detailed equality impact assessment to identify the wider opportunities to promote equalities is being undertaken.

## **9.0 Environmental implications**

9.1 This proposal will significantly improve the internal environment of the Civic Halls complex for the benefit and comfort of the audience, as well as comply with the standards required by English Heritage for a Grade 2 listed building.

## **10.0 Human resources implications**

- 10.1 The improvement and full restoration scheme will create new job opportunities on completion. During the next two years, whilst the halls are closed, a temporary reduction in staffing levels might be required. However, staff also need to be retained to maintain and build new relationships with promoters and partners, as well as deliver events at alternative venues.
- 10.2 All relevant Human Resources policies and procedures will be followed for posts which will need to be deleted, including access to the redeployment register to give employees who meet the criteria an opportunity to apply for vacancies in advance of internal/external recruitment.
- 10.3 If there is a requirement to recruit to existing posts or to new posts, there will be adherence to the Councils job evaluation process and the Human Resources recruitment policy and procedure.

[HR/TP/BB/058]

## **11.0 Corporate Landlord implications**

- 11.1 The comprehensive restoration of the Civic Halls will enable the asset to be proactively managed moving forward. Specifically to:
- Address maintenance issues;
  - Update 'end-of-life' mechanical and electrical systems;
  - Ensure the facility meets current operational environmental standards;
  - Provide the basis to proactively manage future lifecycle repairs and planned preventative maintenance;
  - Quantify annual running costs (revenue);
  - Profile lifecycle repair costs (capital); and
  - Ensure statutory compliance and safe operation of the facility.
- 11.2 Corporate Landlord is responsible for the management and delivery of the Council's land and property asset rationalisation and disposal process, as an integral part of its asset management activities. Recent asset challenge processes have identified potential capital receipts to support the Civic Hall restoration project. Progress will be monitored and reported to Corporate Landlord Board monthly, as part of land and property capital programme management.
- 11.3 Corporate Landlord is also responsible for ensuring the construction works are designed, procured and delivered on site within the agreed budget and timescale. This includes enabling works, surveys, construction contract management, site supervision and ensuring work is undertaken in compliance with statutory regulations.

## **12.0 Schedule of background papers**

12.1 Cabinet (Resources) Panel '[Civic Halls Improvements and Full Restoration](#)', 16 January 2018

12.2 Cabinet (Resources) Panel '[Civic Halls Improvement Programme](#)', 19 July 2016.

## **13.0 Appendices**

13.1 Appendix 1: Revised Business Case

# Options Analysis and Business Case for the Civic Halls Improvement & Full Refurbishment Scheme

January 2018



[wolverhampton.gov.uk](http://wolverhampton.gov.uk)

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WOLVERHAMPTON  
COUNCIL

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## **1.0 Introduction**

- 1.1 This is the revised business case for the Civic Halls Improvement Project, which includes a full restoration of the grade 2 listed venue, as well as the delivery of the original improvements that have been approved and are already underway. The project was originally formally approved in October 2014. In July 2016 following a reworked project specification the project was formally revised. During the period up to July 2017 a range of significant construction and technical issues emerged once the main contractor was on site. These issues needed to be fully understood in order to inform a way forward. Consequently, a series of intrusive structural surveys were commissioned which have informed the revised scheme which is the subject of this business case.
- 1.2 The structure of the business case is in line with HM Treasury's Green Book appraisal format which is the standard approach for assessing projects in receipt of major public funding. This is the same format that was used in the original submission to the Black Country LEP for the £6.6 million grant. This was a strong proposal, resulting in the project being ranked fifth out of 55 projects put forward for Growth Deal funding in 2014. The case is made up of five, interlinked, components:
- Strategic case
  - Financial case
  - Economic case
  - Commercial case
  - Management case

## **2.0 Executive Summary**

- 2.1 The Civic Halls is an iconic grade 2 listed entertainment venue in Wolverhampton City Centre. It has operated successfully for many years drawing visitors from across the UK and has helped position the City of Wolverhampton as a significant national and regional cultural location.
- 2.2 There is a compelling economic and business case for investing in the long-term future of the Civic Halls by undertaking the full refurbishment scheme. The following headline benefits will be realised:
- The long-term future of this important grade 2 listed building would be secured.
  - A range of major structural issues which would seriously affect the building's future use would be fully addressed.
  - The responsibilities of the Council as a responsible owner of this important grade 2 listed building would be satisfied.
  - New legislative requirements, as well as emerging security and safety risks would be appropriately addressed.
  - Future income streams would be secured and enhanced reducing any future Council subsidy.
  - Future visitor spend in the City would be enhanced, particularly capitalising upon an improved city centre offer.

- Local employment, training and supply chain opportunities would be greatly enhanced.
- Opportunities to attract external income and investment into the city for regeneration purposes will be increased.

2.3 Given the significant issues that have emerged, as outlined in section 3, the following three options for have been fully considered:

- Option 1: Continue with the current scheme
- Option 2: Do full improvement and restoration scheme
- Option 3: Close venue and “mothball” building

2.4 The remainder of this report sets out the detailed business case for the recommended option, **Option 2 – Improvement plus Full Restoration** which was approved at Cabinet Resources Panel on 16<sup>th</sup> January 2018. The cost for this scheme is estimated at £38 million, of which £14.4 million has already been approved. The financial case for Option 2 sets out how the funding challenge can be met using planned capital receipts and income that will be commercially generated.

2.5 The other two options, that have been considered, are unable to deliver the quantum of benefits the full refurbishment gives and, equally significantly, would leave a building with a series of major ongoing risks and liabilities. With both these alternative options, significant risks around health and safety, and lack of resilience to a major incident, would continue to exist. In addition, with Option 1, there would be a high risk of further disruption to the Civic Halls entertainment offer after the completion of the scheme, affecting both audiences, promoters and the Council's ability to generate the necessary earned income. With Option 3, it would not be possible to fully meet our responsibilities for the conservation of heritage assets, as well as achieve the planned savings in the Council's current Medium Term Financial Strategy (MTFS).

### 3.0 Significant emerging issues

3.1 The original improvement scheme, was driven by the need to implement specific improvements to the building that would generate significant additional earned income. In order of importance at that time, the improvements included: increased seating, bar and hospitality areas, improved ventilation and new lifts and improved access to the Wulfrun Hall.

3.2 Following the first phases of enabling works in 2016, Cabinet Resources Panel were advised that detailed site and structural investigations required the design to be modified from that originally presented in 2014. The most significant issue was that the exposure of the foundations during the enabling works, identified that the existing structure could not hold the weight of the refurbished building as originally proposed. Thus, the scheme needed to be redesigned to reduce the weight on the foundations. Throughout the value engineering exercise, which was undertaken as part of the redesign process, the designers were required to gear the re-design towards generating sufficient additional income to cover the additional cost of borrowing i.e. to continue to maximise the increased seating capacity and bar areas.

- 3.3 Concurrently, an audit was undertaken of the governance and project management processes, and further actions were taken to strengthen processes and procedures.
- 3.4 In June 2017, an independent high-level review was commissioned by Corporate Landlord to advise on concurrent activities that should be carried out to minimise future maintenance and repairs for the longer term. This was approved by Cabinet Resources Panel on 25<sup>th</sup> July 2017. The surveys required were intrusive and could only take place whilst the building was not open to the public. The surveys covered: a full structural survey, and electrical system assessment, and an additional heating and ventilation assessment, including a re-run thermal model to confirm the operational temperatures during the various operational activities and to ensure warranties are in place for mechanical services. It also included a retained services assessment covering IT, lighting, access control, intruder alarm, voice alarm, induction loop etc, as well as a full assessment of the building; operation/ management /control / security / fire systems are required in light of recent events in the UK.
- 3.5 The issues that have been uncovered, as a result of the intrusive surveys, are of a sufficiently significant scale that a phased maintenance approach is unadvisable, as this presents a high risk of major disruption to the venue's operations in the future.
- 3.6 An independent Project Health Check has been undertaken by Faithful and Gould (F and G) during December 2017. Faithful & Gould are a global multi-disciplinary construction and property consultancy, spanning a diverse range of sectors from aviation, health, education, defence, manufacturing, public sector and of particular relevance, hospitality, arts and leisure projects in a heritage and conservation context. F&G were selected for this particular review as they have direct experience of contract, cost and project management of similar projects to the Civic Halls, namely, The Imperial Museum, London and locally, the City of Birmingham Symphony Orchestra (CBSO) hall. The review has assessed the scope, cost and delivery of the proposed improvement and full restoration scheme; a summary of findings is as follows:
- **Cost:** F and G's experience of similar projects and with reference to industry standards, confirms that the build cost is commensurate with the budget estimate.
  - **Procurement:** opportunities exist to renegotiate current contractual arrangements. Equally works can be re-tendered should circumstances change.
  - **Phasing and Programme:** the proposed single programme of circa 130 weeks is considered the best approach to mitigate disruption and minimise cost.
  - **Project controls:** a well-considered Project Execution Plan (PEP) is in place, setting out processes, governance and change control procedures.
  - **Design/Professional Team:** designs and specifications contain information broadly in line with expectations relative to the design stage reached. They are informed by a robust set of survey documents (also provides a basis of Employers Requirements should works be re-tendered). Designs appear to be well-considered, meet the end user aspirations and will enhance the user experience.
  - **Lifecycle:** Proposed works/budget aims to prolong the expected life of the building and improve the associated lifecycle costs (ongoing operations/maintenance). The enhanced scheme gives opportunity to capture lifecycle issues and address legacy backlog maintenance.

- **Value Engineering (Cost Reductions):** Limited opportunities to reduce the scope of the scheme without impacting on backlog/lifecycle maintenance issues; omitted works problematic/uneconomic to implement later.
- **Project Risks:** Risks are well considered, reviewed periodically and updated. Risk associated with asbestos should be largely mitigated by March 2018. Substantial contingency allowances are considered adequate for the remaining cost risk items.

- 3.7 The review provides assurance that the scope, cost and programme of works are appropriate to a heritage restoration project of this nature. It also acknowledges the difficulties and issues that have become apparent late in the project cycle which are predominantly because of opening-up works and intrusive surveys.
- 3.8 Consequently, the review endorsed that the level of contingency should be increased to circa 20% of core construction costs, due to the complex nature of the heritage project and the age/condition of the building. The review has been informed by a comprehensive suite of intrusive surveys in order to determine the scope previously unforeseen works. The scoping of these additional works has benefitted from 'opening-up' activities undertaken by the current contractor, something that was not available at the outset and initial design of the project.
- 3.9 Option 2 – Improvement plus full restoration, is estimated to cost is £38.1 million. This includes the £14.4 million already approved for enabling works, the construction of balconies, lifts and new bar areas, that featured in the original scheme. It also includes works to address fire and resilience to major incidents. Whilst the initial financial investment is substantially greater than the other two options i.e. either continue with the current scheme or to close the venue, when all aspects of the business case are considered Option 2 is the only option that will provide the city with the strategic, economic and asset management returns it should expect from investment in one of its premier cultural assets:

Element	Proposed Refurbishment Scheme
Mechanical	Complete replacement of heating, hot water, ventilation, cooling/air handling systems, mains water supply, automation and Building Management System.
Electrical	New sub-station, replacement of electrical services, fire detection, alarms, access controls, Closed Circuit Television (CCTV), Information and Communications Technology (ICT), lightning protection.
Structural	Structural works including column strengthening throughout the building to accommodate new balconies, new bar, roof structures, plant rooms, staircases, drainage, historic building defects.
Architectural	New extensions, balconies, seating and finishes, external, windows, doors, brickwork/tiling repairs, internal finishes, sanitary ware, anti-terrorism measures.

Indirect costs (fees, surveys, etc.)	Comprehensive asbestos removal/treatment, professional and statutory fees, enabling and reinstatement works, surveys, furniture, fixtures and fittings
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## 4.0 Strategic case

- 4.1 **Strategic economic and corporate plans:** There is a strong strategic and economic case for the full refurbishment of the Civic Halls. The council's corporate plan highlights the need for the city to maintain and develop a strong cultural offer as an integral part of its economic strategy. The Black Country Strategic Economic plan reinforces the economic importance of the city centre's entertainment and cultural offer, and specifically the contribution made by the Civic Halls as the largest entertainment venue in the Black Country, providing an affordable, quality offer to local people and visitors to the city
- 4.2 **Levering regional benefits and local investment:** A fully improved and restored refurbished Civic Halls could also play a key role in ensuring that the city of Wolverhampton benefits from the new, and significant West Midlands regional cultural programmes.
- 4.3 In addition, a fully refurbished Civic Halls will complement the leisure offer at nearby Westside in the city centre, increasing the ability to attract private sector investment into an improved hotel and hospitality offer.
- 4.4 **Economic recovery:** The Centre for Economics and Business Research Ltd (CEBR) 2013 highlights the importance of the cultural, creative and entertainment sector in helping to rebalance economies that have been in decline and that the largest centres for culture also have the largest levels of employment in the knowledge economy. The City of Wolverhampton's ongoing commitment to investing in the cultural and creative economy is starting to pay dividends, and a recent analysis of our knowledge economy shows it is now growing faster than the UK average.
- 4.5 **Economic growth:** The cultural and creative sectors are an important niche sector for the city. Since the business case for the Civic Halls original improvement scheme was made in 2014, further research has reinforced the economic importance of the role of the publicly owned cultural and entertainment venues in helping to grow and establish the sector in Wolverhampton. In November 2016, industry experts Burns Owen Partnership Consulting (BOP) undertook an analysis of available ONS data, and identified that at least 2,642 people were employed in creative and cultural registered businesses within the city. More significantly, within the cultural sector, 25% of local jobs in this sector are in music, performing and visual arts, compared with 9% nationally. The Civic Halls, as the largest local employer in this sub-sector has a pivotal role to play, as well as being instrumental in making the City of Wolverhampton an attractive place to set up a creative business.
- 4.6 **Opportunities to capitalise on new market opportunities:** To ensure that the city fully maximises the opportunities from the full restoration of the Civic Halls two sector specific independent assessments have been commissioned to review all the

strategic opportunities over and above the opportunities already identified. The final reports will be received in mid-January and mid-February respectively.

- 4.7 **Statutory responsibilities for safeguarding of heritage assets:** The Civic Halls are a high-profile grade 2 listed building, located in one of the city centre conservation areas. The building, constructed in 1938 and designed by architects Lyons and Israel, is a classic example of Art Deco style and was modelled on Tengbom's Stockholm Concert Hall. The listing not only reflects the quality of the architecture, it is also an acknowledgement of the role that the Civic Halls plays in Wolverhampton's social and economic history, particularly its significant contribution to the music heritage of the city.
- 4.8 Guidance to Local Authorities, published by the government agency, Historic England, summarises the multi-faceted responsibilities for Local Authorities as owners, users and regulators of local heritage assets. Acknowledging the financial pressures Local Authorities are under, the guidance also places heavy emphasis on the benefits that preserving strategically important historic assets can bring to a locality, and reinforces the responsibility Local Authorities have for conserving heritage assets in a manner appropriate to their significance, so they can be enjoyed by current, and future, generations. Councils are advised to adhere to these principles of best practice when considering their own heritage properties. In particular, when making a decisions on a listed building, a local planning authority must have special regard to the desirability of preserving the building. This obligation, found in sections 16 and 66 of the Planning (Listed Buildings and Conservation Areas) Act 1990 (1), applies to all decisions concerning listed buildings. Council decisions that result in the deterioration and neglect of a heritage asset, can lead to court action by Historic England or other relevant statutory heritage consultees.
- 4.9 **Asset Management:** The Civic Halls are considered a key strategic asset within the Councils land and property portfolio. It is accepted that such a heritage asset will require specific, and often intensive and bespoke, management and maintenance arrangements, to ensure it retains its iconic status within the City and continues to contribute to its wider cultural offer. Therefore, it is managed as an asset within the balanced property portfolio. With the insight acquired over the last 12 months, it is now planned to accelerate disposal of surplus land and buildings as part of the Council's new asset rationalisation programme.
- 4.10 This rationalisation and disposals programme will generate capital receipts for the Council to invest in the Civic Halls, in order to address the emerging structural issues and undertake work so that the venue can be proactively managed in the future. The proposed full restoration scheme restores the Civic Halls to a condition from which future management and maintenance operations can be scoped and programmed throughout a rolling 25-year lifecycle. This will minimise reactive repairs to failures and ensure the asset remains in a safe and operational condition moving forward. Similarly, the risk of building failure will be significantly reduced and therefore interruption to events and activities minimised.
- 4.11 **Statutory Compliance:** As duty holder under Health and Safety legislation the Council has explicit responsibility to ensure that buildings are safe for employees,

visitors and other persons. Key compliance activities include fire risk management, asbestos management, Legionella management and maintenance of plant and equipment. The proposed restoration scheme will replace many of the out-dated and imminent 'end-of-life' systems, significantly improving the management and cost of statutory compliance activities. Modern, effective and efficient plant and equipment will also contribute to lower running costs of the asset.

## 5.0 Financial case

5.1 The estimated capital costs of the recommended **Option 2, Improvement and Full Restoration Scheme**, totals £38.1 million, of which £14.4 million has already been approved. Funding sources considered in this business case are the use of capital receipts generated through the asset rationalisation programme, external grant funding and council borrowing.

5.2 A range of scenarios have been considered from best to worse case to meet the funding the gap of £23.7 million. Three main scenarios are considered to be realistic, based on a mix of:

- Capital receipts
- Grant income
- The resulting gap from borrowing, that will be paid back through improved commercial activity in the Civic Halls on completion of the scheme.

5.3 The current base line funding level has been determined by the predicted commercial income from the core Civic Halls entertainment offer that will be generated on the completion of the Full Improvement and Refurbishment Scheme. The following factors have been taken into account:

- Base data from the latest events schedule and net income generated, including additional income generated through new agreements with suppliers
- Allowance for increased capacity as a result of the capital scheme i.e. increased seating and hospitality
- A modest levy on tickets sales

5.4 The calculation of the base line has been prudent in that it does not make any assumption about growth in the number of events. It is recognised that, following a period of closure, it is likely to be a number of years before the additional level of events is secured and therefore growth in income is generated.

5.5 **Process for generating capital receipts from asset rationalisation:** The financing of the new scheme will be dependent on the generation of capital receipts. Corporate Landlord manages and delivers the Council's land and property asset rationalisation and disposal process, as an integral part of its asset management activities. The programme for the identification and disposal of surplus land and property is endorsed at Corporate Landlord Board and subsequently approved at Cabinet Resources Panel. The rationalisation process seeks to deliver the Council a 'balanced' portfolio of land and property assets, primarily through the identification and disposal of surplus sites, delivering both capital receipts and reducing revenue

pressures. The balanced portfolio is complimented by the identification, acquisition and commercial management of income generating investment properties/sites.

- 5.6 The disposal programme is reviewed monthly via the Corporate Landlord Board and will be subject to over-programming to ensure capital receipts are achieved to support the Council's capital programme. The imminent asset challenge of land will, in part, further inform the development of the programme.
- 5.7 **New grants:** A strong pro-active approach to securing external funding is also underway.
- 5.8 **Commercial Income:** The commercial income predictions in paragraph 5.3 are based on the current performance for the Civic Halls commercial entertainment offer, which is a mix of pop, rock, comedy and sport, the financial baseline and assumes the refurbished Civic Halls will host a total of 182 events per annum. The commercial income predictions also take into account direct and additional staffing costs. Also taken into account is the contribution to the Council's MTFS savings and contribution towards the borrowing already planned.
- 5.9 **Commercial (new – conferencing and training):** Additional income from new activities, such as additional training and niche conferencing, have not yet been assumed, but will be taken into account in the final model once the final reports from the independent consultants have been received.
- 5.10 **Sponsorship –** Expert consultants in the music sector have also been appointed to explore the opportunities for further collaborations, partnerships and sponsorships within the music sector. Their final report is due in February.
- 5.11 **Risk of clawback:** In considering the financial business case across the three options, it is only option 2 that wouldn't place the Council in risk of clawback.

## 6.0 Economic case

- 6.1 **Local jobs and supply chain:** Prior to any improvement work, the Civic Halls and Grand Theatre supported around 640 direct, and indirect, local jobs, with the majority being attributed to the Civic Halls service. For the original improvement scheme for the Civic Halls it was calculated that around a further 110 direct and local supply chain jobs could be created. Only Option 2 that provides confidence that the local employments benefits will be achieved and exceeded on the completion of the capital works. As well as ensuring a top-quality entertainment venue for the next 25 years and beyond, the most recent assessment is that the total programme, based on option 2, will now support 876 direct and indirect jobs.
- 6.2 **Local GVA growth:** Gross Value Added (GVA) is the measure of goods and services produced in a local area, once the costs of production are taken into account. It is an important indicator of growth and productivity within a local economy. The GVA baseline for the Civic Halls service was £4.3 million directly and within supply chains for the local economy, with further £3.6 million through collaboration with the Grand Theatre. Option 1 was originally calculated to create an additional £1.7 million local, however concerns about business continuity post-



completion of the project put this in jeopardy. Conversely, a full refurbishment, proposed in option 2 is likely to further increase the direct and indirect GVA supported by the Civic Halls service. As with the employment benefits, only option 2 provides confidence that local growth and productivity levels will be achieved, and exceeded, on the completion of the capital works.

6.3 **Skills and training:** Included within the business case for the original Civic Halls improvement scheme was a commercial partnership with the City of Wolverhampton College to deliver vocational and training courses. It was calculated that 60 additional learners and 60 additional qualifications will be achieved per annum on completion of the project. With a fully restored venue that includes increased safeguarding and improved access, the collaboration between the council and the College has the potential to be extended in order to deliver a wider range of courses, traineeships, pre-apprenticeships and apprenticeships.

6.4 **Economic inclusion:** The Greater Birmingham Visitor Economy Strategy Economic Impact study by Regeneris (2014) also highlights the importance of the visitor economy in providing job opportunities for lower skilled, often younger aged job seekers. The original business case for the Civic Halls, identified that there was the potential to create one of the largest “intermediate labour markets” in the city by working in partnership with YOO Recruit and the Wolverhampton Adult Education Service. With Option 2 the Improvement and Full Restoration scheme, it is possible that these opportunities could be further increase, particularly in respect to trainee, pre-apprenticeships and apprenticeships.

## 7. Commercial case

7.1 The commercial section of the business case, is concerned with whether there are sufficient and viable market opportunities to support the planned end use of a capital project.

7.2 **Ongoing evidence of strong local and regional demand for the core Civic Halls entertainment offer:** The findings from the 2013 BOP commission helped to make the commercial case. A range of well-established quantitative research methods were used to analyse the current supply and demand, assess the potential of redevelopment to commercialise the operations and increase levels of earned income.

7.3 The 2013 BOP Report concluded that the Civic Halls has a unique position within the market. With a seating capacity of 3,000, and close proximity to good rail and road infrastructure, the Civic Halls are already the largest entertainment, events and cultural venue in the Black Country and are therefore uniquely positioned, with increased seating and an improved hospitality offer, to grow to meet any gaps or new opportunities opening up in the Urban West Midlands market.

7.4 Other evidence captured in the 2013 BOP report that supported the commercial case included:

- The Civic Halls and Grand Theatre are already well-established and popular venues which draw very large audiences.

- There is a large pool of potential new audiences that could be drawn upon. Young visitors to the West Midlands, in particular, are attracted by live events and music, festivals, arts and culture, and night life.
- Over 2,000 people surveyed by BOP who are customers of the Civic Halls rated the range and quality of the offer very highly at 96%. The BOP Report reinforced the proposed capital investment. 74% of the current audience said they would visit more regularly if the capital investment increased the seating capacity. If the stage and backstage improvement meant that the Civic could host bigger shows and offer more choice, then 41% of the current audience say they would visit more regularly.
- 47% of survey respondents said it was important to improve the ancillary offer e.g. bar and hospitality offer.
- Members of the entertainment industry, with whom the Civic Halls venue has established relationships, have confirmed that improvements to the Civic Halls would make it easier to book bigger and more varied shows.

	Current	After Improvement
Total Civic Hall seats	2025 plus 190 standing if required (2215 total)	2597 plus 160 standing if required (2757 total)
Total Wulfrun Hall seats	661	1007 plus 30 standing if required (total 1037)
Total Civic Hall standing	3000	3574
Total Wulfrun Hall standing	1134	1380

- 7.5 **Latest trading position:** The latest information generated from trading during the Civic Halls temporary opening from September – December 2017 was that both supply from promoters, and demand from audiences, has been very strong, reinforcing that the assumptions made in 2013 are still current and valid. City Centre Living being brought forward on the Royal Hospital site and other city centre schemes will also generate a new local footfall and demand for cultural activities in the future for the Civic Halls core entertainment offer.
- 7.6 **Diversification:** It is anticipated that, with a full restoration scheme and a stronger offer within new commercial markets, such as conferencing, the direct and indirect economic benefits could be higher, particularly given the more advanced state of the wider city centre regeneration schemes, such as Westside. For example, in May 2014 an independent report commissioned by Marketing Birmingham identified a potential gap in the urban West Midlands market for an additional conferencing and exhibition venues.
- 7.7 BOP Consulting will complete an updated assessment, which will be based on the current market analysis. Industry experts have also been employed to explore new opportunities and market positioning for the Civic Halls, specifically within the music sector.

7.8 **Commercial partnerships:** The decision in 2014 to improve seating capacity and the bar areas in the Civic Halls, has enabled the Council to enter into stronger commercial partnerships that include third party investment in the latest technology.

## 8. Management case

8.1 **Original scheme:** The surveys and assessments have confirmed that the original scheme, option A, cannot be delivered within the approved budget, primarily for the following reasons:

- Changes in legislation have led to increased provision of mechanical heating and ventilation equipment to ensure statutory compliance and associated electrical. Performer and audience comfort needs to be assured with effective air conditioning.
- Significant structural changes are required to accommodate the additional loadings generated by compliant mechanical and electrical equipment, as well as repairs to the fabric of the building.
- Asbestos requiring removal to facilitate core works is more extensive than anticipated prior to initial opening-up works.

8.2 **Additional work:** to prevent disruption to the city's entertainment offer in the future and to increase levels of security, the following issues will also be addressed now, under option 2, Improvement and Full Restoration scheme, rather than staggering the work into a series of future phases:

- The existing electrical substation is outdated, has insufficient capacity for future events and requires replacement.
- Many of the existing mechanical and electrical systems are close to end-of life and require urgent comprehensive replacement to mitigate imminent risk of failure, whilst providing a low maintenance solution moving forward.
- Building defects are significant and require immediate attention to ensure improvements provide a 25- 40 year life cycle.
  - Roof repairs and re-tiling
  - Lift replacement
  - Building fabric and parapet repairs
- Security, alarms and emergency lighting requires comprehensive replacement
- Counter terrorism measures have been increased within scheme following recent national events, such as in Manchester.

8.3 **Project Timeline:** The full restoration project will require a proportional increase in both the design and the construction periods, over and above those of the current improvement scheme. Following analysis of the findings of the intrusive surveys, assessments and subsequent preliminary redesigns necessary to rescope the full restoration, it is proposed that the completion of works will extend to October 2020, compared with a revised December 2019 for the current improvement scheme. This extension has, in part, been mitigated by not reopening every Autumn throughout the contract programme.

8.4 **Managing Business Continuity:** There will be a significant impact on business continuity with any of the three options considered, given the extended timescale to undertake the capital works. The advantage of Option 2 is that it will minimise

reactive repairs and risk of building failure will be significantly reduced and therefore interruption to events and activities minimised. Experience from the last couple of years has demonstrated how difficult it is to maintain a quality entertainment offer, alongside undertaking major building works, and this should be avoided in the future, in order to regain and retain the confidence of promoters and audiences.

- 8.5 The extended period of closure means that in the short-term, alternative venues will need to be found for key events. Unfortunately, a temporary reduction in staffing levels will be necessary given financial constraints, however key staff will need to be retained in order to maintain and build new relationships with promoters and partners.