

## City Deal and Growth Deal Programme Board Business Case Approval Form

<p>1. Project Title and proposing organisation(s): Tamworth Enterprise Quarter Tamworth Borough Council Staffordshire County Council</p>												
<p>2. Decision Date: 21<sup>st</sup> March 2016</p>												
<p>3. Decision Summary:</p> <p>In October 2014 Tamworth Borough Council applied for an LGF Grant of £2,953,515 towards the Tamworth Enterprise Quarter project. The Outline Business Case received approval and the Full Business Case is now submitted for approval.</p> <ul style="list-style-type: none"> <li>• The City Deal and Growth Deal Programme Board is requested to approve the final Tamworth Enterprise Quarter (T E Q) Business Case.</li> <li>• The City Deal and Growth Deal Programme Board is requested to recommend to the LEP Executive Group that a total of £2.9 million of Local Growth Deal funding identified for 2016/17, 2017/18 &amp; 2018/19 is released to the Tamworth Enterprise Quarter Project. Funding to be released in the following tranches:</li> </ul> <div style="text-align: center; margin-left: 100px;"> <p>16/17 - £1,015,559</p> <p>17/18 - £1,734,500</p> <p>18/19 - £203,456</p> <p><u>TOTAL: £2,953,515</u></p> </div>												
<p>4. Is the decision exempt from being publically reported by the LEP (if so please specify the reasons why)</p> <p>No</p>												
<p>5. Options Considered:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 10%;">Option No.</th> <th style="text-align: left; width: 30%;">Describe</th> <th style="text-align: left; width: 60%;">Grounds for Rejection</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">1.</td> <td style="vertical-align: top;">Do Nothing</td> <td style="vertical-align: top;">This may result in the Assembly Rooms being closed permanently and missing out on a unique opportunity to secure a game changing development in the town. The much-needed provision of business start-up space (as identified in the County Council's Managed Workspace Study) will be lost. Whilst business start-up rates in Staffordshire of 41 per 10,000 people (aged over 16) are below the national average of 51 per 10,000 people, Tamworth is markedly lower at 31 per 10,000. The development of a new business and enterprise centre can go some way to addressing this.</td> </tr> <tr> <td style="vertical-align: top;">2.</td> <td style="vertical-align: top;">Do Minimum</td> <td style="vertical-align: top;">As important as each programme component is, the key benefit is in the strategic added value generated by a comprehensive neighbourhood development of all the buildings.</td> </tr> <tr> <td style="vertical-align: top;">3.</td> <td style="vertical-align: top;">Do Something</td> <td style="vertical-align: top;">Tamworth's Enterprise Quarter offers a unique opportunity to transform an important part of the town centre, injecting much needed economic vibrancy and helping to re-define Tamworth as a place to work, do business, visit and live. The Enterprise Quarter aims to stimulate business growth, private sector</td> </tr> </tbody> </table>	Option No.	Describe	Grounds for Rejection	1.	Do Nothing	This may result in the Assembly Rooms being closed permanently and missing out on a unique opportunity to secure a game changing development in the town. The much-needed provision of business start-up space (as identified in the County Council's Managed Workspace Study) will be lost. Whilst business start-up rates in Staffordshire of 41 per 10,000 people (aged over 16) are below the national average of 51 per 10,000 people, Tamworth is markedly lower at 31 per 10,000. The development of a new business and enterprise centre can go some way to addressing this.	2.	Do Minimum	As important as each programme component is, the key benefit is in the strategic added value generated by a comprehensive neighbourhood development of all the buildings.	3.	Do Something	Tamworth's Enterprise Quarter offers a unique opportunity to transform an important part of the town centre, injecting much needed economic vibrancy and helping to re-define Tamworth as a place to work, do business, visit and live. The Enterprise Quarter aims to stimulate business growth, private sector
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investment, inward investment, employment and tourism through mixed used regeneration of this part of Tamworth, complemented by improvements to the quality of the built environment and public realm.

### **Strategic Case**

One of the priorities of the SEP is urban growth through the network of “competitive urban centres” in Stoke-on-Trent and Staffordshire. It is acknowledged that the future prosperity of the Stoke-on-Trent & Staffordshire economy is dependent on growth in Stoke-on-Trent and the chain of strategic centres, including Tamworth - Staffordshire’s second largest urban centre. This development will enable Tamworth to build: a more productive economy; a more diverse and resilient economy; a strong and growing base of SMEs; and create a more attractive place to live, work and visit.

The most significant component of the project is the refurbishment and extension of the Tamworth Assembly Rooms which faces the real prospect of closure but has the potential to be reinvigorated as a major cultural, social and economic asset. Other elements of the proposal include: the transformation of the existing Philip Dix building into a creative-sector themed Business Enterprise Centre; the creation of an up-market restaurant in the Carnegie Centre and improvements to Tamworth Library and the neighbouring Public Realm. It is proposed to link the two main regeneration projects in Tamworth: the Enterprise Quarter and the Gungate site by improving two important areas of green space associated with the Enterprise Quarter (St. Editha’s Churchyard and The Garden of Rest); creating a new town square in the area between the buildings and improving footpath and cycle access inside the Enterprise Quarter and between the Enterprise Quarter and the Gungate area of Tamworth. Improvements to sustainable transport links are a key aspect of the project.

This project is primarily driven by economic considerations, whilst also generating important social and cultural benefits.

The project is a key element of a wider regeneration strategy for Tamworth Town Centre. The Gungate area is the other key regeneration area in Tamworth and was previously the site of the Tamworth town centre shopping precinct (now demolished). The Gungate area is currently proposed as the new location for Tamworth College and also benefits from planning permission for a large private sector development. The wider regeneration strategy for Tamworth Town Centre also includes on-going improvements to the major Gateways to Tamworth Town Centre and improvements to Tamworth’s heritage assets.

### **Economic Case**

Tamworth Enterprise Quarter is a programme consisting of the following components:

- Refurbishment and enlargement of the Assembly Rooms, a key cultural venue
- Conversion of the Philip Dix Centre to a Business and Enterprise Centre
- Redevelopment of the Carnegie Centre as a restaurant
- Enhancements to the Public Realm/Tamworth Library

The individual components have their separate Business Plans (provided separately with this Business Case) and these have been approved by both local authority partners and also subjected to independent economic impact appraisal. The separate Business Plans confirm the commercial viability of the components of the project. However it is important to stress that a synergy exists between all the individual elements and the “whole is greater than the sum of the parts”.

At present, these assets support no private sector jobs and, in the case of the Assembly Rooms, its operation is commercially unsustainable. However, this investment could revitalise each of the above and, collectively, they offer the prospect of playing a major role in the re-inventing of Tamworth. Public sector investment and, specifically LGF money is critical to making this happen.

The project will deliver:

- 39 FTE construction jobs (gross)
- £1.4 million of construction-related Gross Value Added
- 98 ongoing jobs (gross)
- £13.4 million of Town Centre GVA economic value

### **Commercial Case**

The County Council Independent Joint Venture Company (Entrust) will deliver the Philip Dix Business Enterprise Centre and the works to the Library and Public Realm. A County Council in-house landscape architect will work closely with Entrust to deliver the Public Realm works. A contract for the works will be let through the County Council’s Construction Framework contract which complies fully with national and EU

procurement legislation.

Tamworth Borough Council has procured (through an OJEU compliant process) a professional team to deliver the conservation and development works to the Tamworth Assembly Rooms. Once the work has been developed to Tender stage a contractor will be appointed through an OJEU compliant process.

Client Project Management of the proposed works to the Tamworth Assembly Rooms will be carried out by Tamworth Borough Council. Improvements to the Library, the Public Realm and the creation of a Business Enterprise Centre at the Philip Dix building will be delivered by both Staffordshire County Council and Tamworth Borough Council. The private sector is to be invited to bring forward proposals for the creation of a restaurant or café based at the Carnegie Centre. All these buildings (with the exception of the Library) are either locally or nationally listed for their heritage value.

Tamworth Borough Council owns and maintains the Tamworth Assembly Rooms, the Carnegie Centre, the Philip Dix Centre and The Garden of Rest. Staffordshire County Council owns the Library. The Diocese of Lichfield owns the churchyard. All landowners are fully committed to the project. All necessary planning permissions and listed building consents have been granted.

### **Financial Case**

The confirmed project funders are: SSLEP (£2,953,515) Tamworth Borough Council (£1,181,671), Staffordshire County Council (£567,500), and Heritage Lottery Fund (£715,690) In addition: £50,000 is expected to be raised by sponsors and patrons of the Assembly Rooms and £100,000 is expected to be invested by a private sector lessee of The Carnegie Centre restaurant. The Carnegie Centre project is the last element in the Project Programme and the private sector investment of £100,000 is for fitting out the restaurant in return for a limited rent-free period.

The project cost is estimated at £5,568,376 (£5.6 million). The SSLEP funding (£2.9 million) would lever in an additional £2.7 million of direct investment.

### **Management Case**

Staffordshire County Council has a strong track record over many years of delivering managed workspace and capital regeneration projects. The County Council's current capital regeneration programme includes the Growth Deal Sites at Bericote Four Ashes, Liberty Park Lichfield, Keele IC5 and Meaford. The County Council has also recently delivered major infrastructure schemes including the i54 South Staffordshire and Redhill Business Park sites.

Tamworth Borough Council has in-house regeneration project management staff allocated to each of the capital elements of the TEQ Programme and in-house staff responsible for the day-to-day management and long-term development of the Assembly Rooms and the Business Enterprise Centre. A detailed Project Management structure for both officers and councillors to deliver the programme of works is already in place.

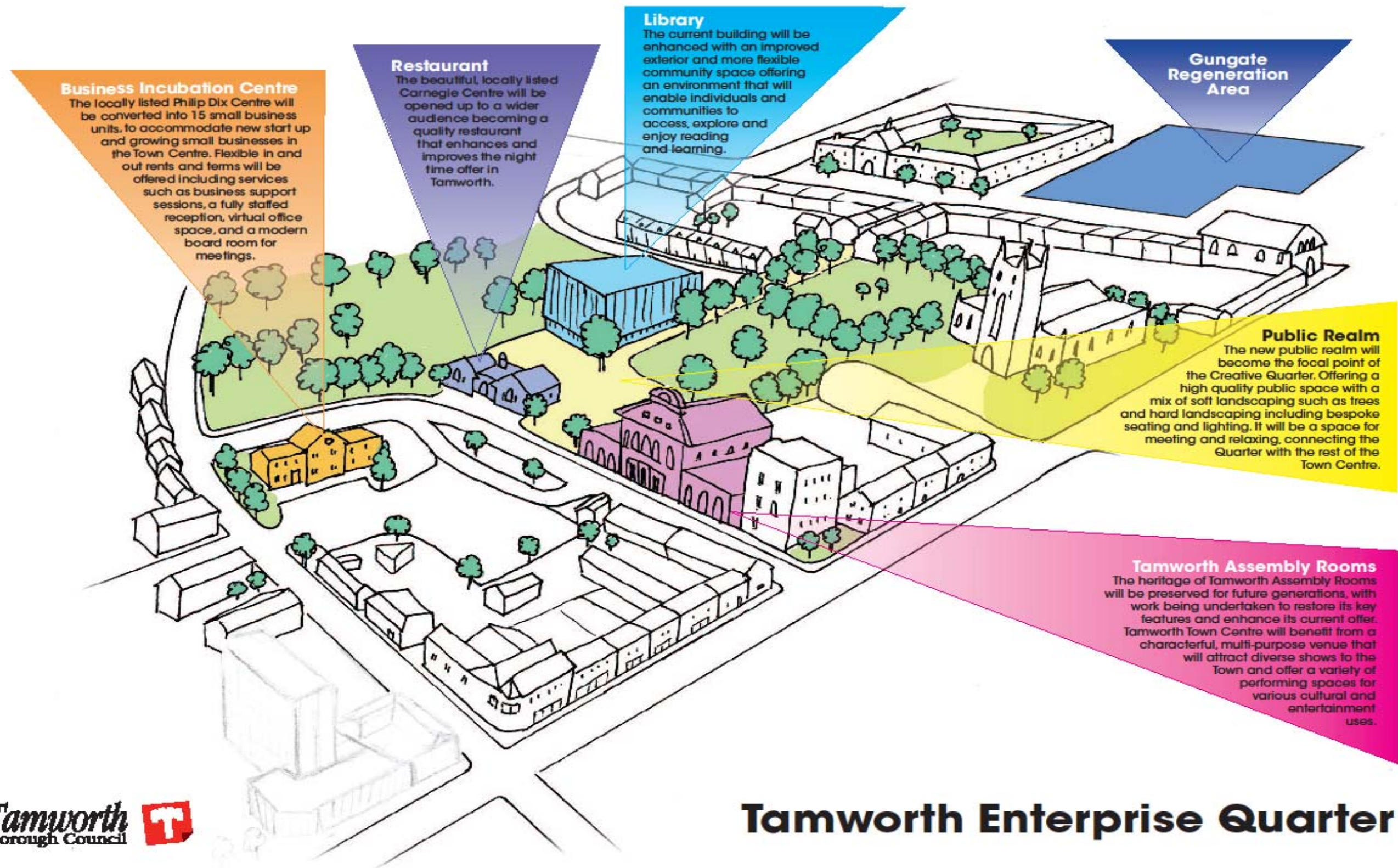
The project is well developed and deliverable.

## **6. Consultation Process**

A consultation plan is in place for each element of the Programme and we have also formally consulted on the component projects as part of the various planning permissions. For example, we held a formal public consultation event on the Assembly Rooms proposals in 2014 where the general public gave us their overwhelming support for the scheme. We have also received support from the Christopher Pincher M. P., the local Chambers of Commerce, the Federation of Small Businesses and Destination Tamworth for the overall Programme.

Both Staffordshire County Council and Tamworth Borough Council are partners in the project and the project has full Cabinet support from both local authorities. A Memorandum of Understanding was signed in 2015 and an offer of LGF Grant will trigger a legally-binding partnership funding agreement between the authorities.

## 7. Geographical Area of Project



## 8. Community Impact Assessment : Key Issues:

Enterprise Quarters focused on creative industries can be found throughout Britain making a significant contribution to local regeneration. A successful example in the Midlands is Nottingham where the Creative Quarter is the flagship project in Nottingham's City Deal.

Enterprise Quarters focused on creative industries not only help to generate jobs and Gross Value Added in their own right but can also facilitate the development of a stronger visitor economy.

Tamworth Borough Council and Staffordshire County Council have taken an integrated whole-area approach with investment in workspace, the public realm and library, the cultural offer and the night-time economy. The success of the project will be achieved through strategic overview and co-ordination between County and Borough Councils

A considerable amount of work has been undertaken to date including feasibility studies, business plans, outline design, planning applications, liaison with the public, demand studies, risk assessments, Q S cost assessments and project timetabling. Through this work the key issues have been addressed and resolved. The relevant project documents are listed below and can be downloaded through the following link.

<https://www.dropbox.com/sh/7yfzeqt8xmk6z2b/AADNLEevPcFxDUE3QO8ODpr0a?dl=0>

### BUSINESS CASE DOCUMENTATION

- ERS Research & Consultancy Economic Impact Assessment October 2014
- Planning Permissions and Listed Buildings Consent
- Tamworth Assembly Rooms Business Plan & Business Enterprise Centre Business Plan
- Project Architectural Plans
- Letters Of Support
- Entrust Feasibility Study Of Philip Dix Centre Project
- Entrust Feasibility Study Of Tamworth Library And Public Realm Project
- Managed Workspace Study 2012, Kingston Commercial Property Consultants

### Resource and VFM Analysis:

In addition to the auditable outputs identified in this Business Case, much of the project expenditure will create non-market benefits that cannot be easily valued. Using research provided by DCLG that captures the value of both market and non-market benefits, the proposed investment by the project is estimated to provide a total economic benefit of around £13.2 million if the regeneration expenditure is allocated between the activities of Industrial & Commercial Property (Benefit Cost Ratio of 10) and Public Realm (Benefit Cost Ratio of 1.4). This analysis assumes that £600,000 is invested in commercial property development through the creation of a new restaurant at the Carnegie Centre, exhibition space, studios and retail facilities at the Tamworth Assembly Rooms and through the creation of a Business Enterprise Centre at the Philip Dix Building along with £5m invested in building refurbishment and public realm improvements.

Alternatively, if the average Benefit/Cost Ratio of 2.3 identified by the DCLG research for all regeneration expenditure is used an economic benefit of £12.8m is achieved. Separate calculations of the project for an Economic Impact Analysis undertaken by independent consultants (ERS) indicated an economic value of £13.4 million.

### Risk Analysis:

There are no significant risks. A Programme Risk Register is regularly reviewed and up-dated and this process has informed the risk budget element of the total budget estimate. An up-to-date Risk Register is provided later in this Business Case.

### Legal Analysis:

There are no legal or regulatory constraints. All permissions are in place.

# Tamworth Enterprise Quarter Costs and Funding

## COSTS

Capital Expenditure		2016 / 17	2017/18	2018/19	TOTAL	PROJECT TOTALS
<b>PHILIP DIX CENTRE</b>						
	SLGF 1	£431,845			£431,845	
	TBC	£144,000			£144,000	
						<b>£575,845</b>
<b>CARNEGIE CENTRE</b>						
	SLGF 1			£10,000	£10,000	
	P S			£100,000	£100,000	
						<b>£110,000</b>
<b>ASSEMBLY ROOMS</b>						
	TBC	£337,696	£600,000	£99,975	£1,037,671	
	HLF	238,563	477,127		£715,690	
	SCC Land Value	£67,500			£67,500	
	SPONSORS		£50,000		£50,000	
	SLGF 1	£583,714	1,734,500		£2,318,214	
						<b>£4,189,075</b>
<b>LIBRARY</b>						
	SCC			£354,711	£354,711	
						<b>£354,711</b>
<b>PUBLIC REALM</b>						
	SLGF 1			£193,456	£193,456	
	SCC			£145,289	£145,289	
						<b>£338,745</b>
	<b>Total</b>	£1,803,318	£2,861,627	£903,431	£5,568,376	<b>£5,568,376</b>

## FUNDING

Total Cost (estimate):		Capital		£5,568,376.00			Funding Status		
Local Growth Fund Request:		Capital		£2,953,515.00			Status	Expected Confirmation Date	
		16/17	17/18	18/19	19/20	20/21			TOTAL
Funding Split	Local Growth Fund	1,015,559	1,734,500	203,456			<b>2,953,515</b>	Pending	April 2016
	Private Sector			100,000			<b>100,000</b>	Market tested	April 2018
	Local Authority	549,196	600,000	599,975			<b>1,749,171</b>	Confirmed	
	Heritage Lottery Fund	238,563	477,127				<b>715,690</b>	Confirmed	
	Sponsors /Patrons		50,000				<b>50,000</b>	Pending	2017/18
	<b>TOTAL</b>	<b>1,803,318</b>	<b>2,861,627</b>	<b>903,431</b>			<b>£5,568,376</b>		

## Tamworth Enterprise Quarter anticipated outcomes / impact <sup>1</sup>

SEP Plan Headline Indicators	Type	Quantity		
		2016/17	16/17 to 20/21	Total
Local Authority Leverage		Approx. 1:0.5	Approx. 1:0.6	Approx. 1:0.6
Total LEP Leverage		Approx. 1:0.8	Approx. 1:1	Approx. 1:1
Number of enterprises receiving non financial support <sup>2</sup>	Directly Assisted		50	50
	Better Connected	N/A		
Commercial Floor Space Directly Developed (m2) <sup>3</sup>	Office/commercial	700	1265	1,265 sq m
	Industrial	N/A		
	Learning	N/A		
Facilities Developed/ Improved <sup>4</sup>	Educational	N/A		N/A
	Cultural	-	10,750 sq m	10,750 sq m
Total length of new cycle ways		-	85m	85m
Jobs connected to the intervention <sup>5</sup>		-	98 gross/56 net	98 gross/56 net
Increased GVA				£13,400,000
Construction jobs connected to the intervention		30	9	39
Construction GVA				£1,409,298

<sup>1</sup> Figures independently produced by ERS Consultants as part of a larger Economic Impact Analysis

<sup>2</sup> Output provided through Business Enterprise Centre

<sup>3</sup> Output provided through new commercial space at the Business Enterprise Centre, Assembly Rooms and Carnegie Centre

<sup>4</sup> Output provided through the refurbished area of the Assembly Rooms

<sup>5</sup> Output provided through new commercial space at the Business Enterprise Centre, Assembly Rooms and Carnegie Centre

## Risk register

**Project;** SCC / TBC Enterprise Quarter Project

**Completed by:** DH

**Date reviewed:** 13 03 16

Risk & Impact (Threat/Opportunity to achievement of business objective)	Assessment of Gross Risk			Risk Treatment Measures Implemented	Assessment of Current Risk [With control measures implemented]		
	Impact (Severity)	Likelihood (Probability)	Risk Score		Impact (Severity)	Likelihood (Probability)	Residual Risk Score
LGF Funding	5	4	20	Make Final Business Case to SSLEP to secure grant offer	4	3	12
Extended Project Timetable generating increased construction costs through inflation.	5	4	20	Minimise Project Timetable by providing Local Authority Cash Flow	4	2	8
Extended Project Timetable through OJEU procurement for Assembly Rooms works increases construction costs through inflation.	5	4	20	Minimise OJEU Procurement procedure timescales.	4	2	8
Significant Archaeological Find made during Assembly Rooms construction	5	2	10	Ensure construction contract allows for archaeological delay	3	2	6
Impact on car parking inadequately assessed and dealt with	4	3	12	Car Parking Mitigation Strategy produced for inclusion in Public Realm planning application.	2	2	4
Failure of partners to work together	4	2	8	Regular project steering groups meetings with all partners involved. Regular communication between partners.	3	1	3
Design of an acceptable loading / unloading scheme for the Assembly Rooms	4	3	12	Acceptable design completed.	2	1	2



## Project Programme

### 9. Implementation:

An up-to-date Project Plan is provided as part of the Business Case documentation on the following page. The key milestones are listed below:

Activity	Date
SSLEP funding secured	April 2016
Business Enterprise Centre contract let	August 2016
Library contract let	August 2016
Assembly Rooms contract let	October 2016
Public Realm contract let	January 2018
Carnegie Centre lease agreed	February 2018
Public Sector Works complete	May 2018
Private Sector Works complete (restaurant fit-out)	June 2018
End Project	June 2018

### 10. Report Author's name and contact details:

**David Hunter**  
**Regeneration Projects Co-ordinator**  
**Tamworth Borough Council**  
**Marmion House**  
**Lichfield Street**  
**Tamworth**  
**B79 7BZ**

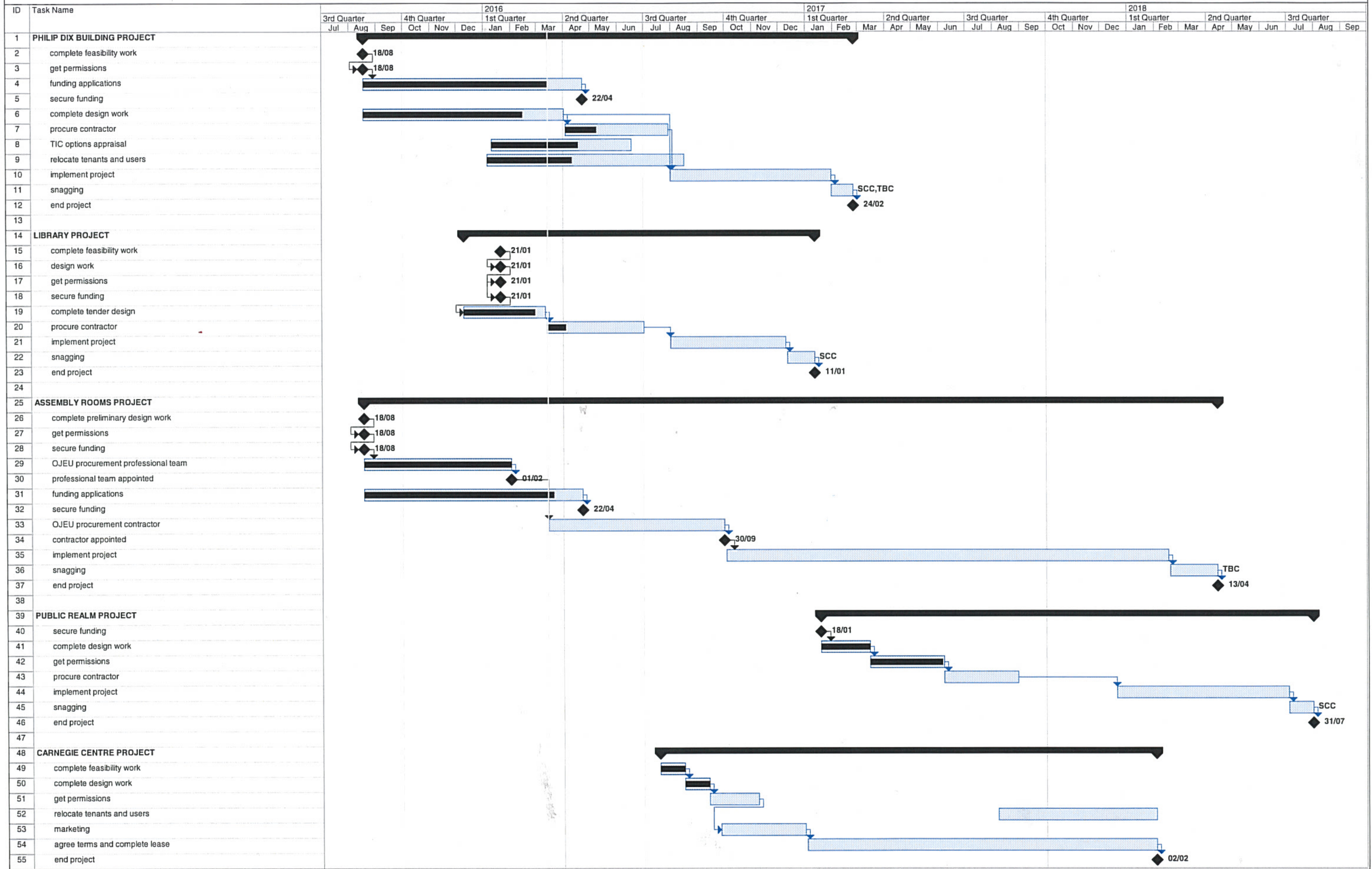
**Tel: 01827 709275**

**Email: [David-Hunter@tamworth.gov.uk](mailto:David-Hunter@tamworth.gov.uk)**

### 11. Decision Details:

*For official use only – details of date considered by City Deal and Growth Deal Programme Board and any additional information for decision record*

TAMWORTH ENTERPRISE QUARTER HIGH LEVEL PROJECT PLAN



DAVID HUNTER TBC  
Date: Mon 14/03/16

Task Progress Summary External Tasks Deadline   
Split Milestone Project Summary External Milestone