



## Belfast City Council

<b>Report to:</b>	Development Committee
<b>Subject:</b>	Waterfront Hall Extension – Economic Appraisal
<b>Date:</b>	6 February 2012
<b>Reporting Officer:</b>	John McGrillen, Director of Development, Ext 3470
<b>Contact Officer:</b>	John McGrillen, Director of Development, Ext 3470

<b>Relevant Background Information</b>	
1.1	The Belfast Waterfront (the Waterfront) is a large purpose-built arts and entertainment centre which opened for business in 1997. It was constructed at a total cost of £37 million.
1.2	<p>The facilities offered within the existing building include:</p> <ul style="list-style-type: none"><li>• Auditorium of seating capacity in excess of 2,200;</li><li>• Studio with a seating capacity of 380;</li><li>• 20 small meeting rooms;</li><li>• Two bars;</li><li>• A Fully Licensed Restaurant;</li><li>• A Gift Shop; and</li><li>• A Box Office.</li></ul> <p>In addition to the above public space, the venue includes office space for staff; dressing rooms for performers; technical areas; and 2 small kitchens.</p>
1.3	The Waterfront is located on the banks of the River Lagan and adjacent to the Belfast Courts Complex, Hilton Hotel, and BT Tower in an area which is now considered a business hub within Belfast.
1.4	In 2008, Belfast City Council (BCC) commissioned a Feasibility Study for the development of a Convention Centre in Belfast. The key driver behind this Feasibility Study was that despite experiencing considerable success as a conference destination, the Waterfront was unable to attract a significant number of events from within their key target market i.e. the Association Conference

	Market. This study concluded that the provision of a larger conferencing facility in the City could attract additional conferences, resulting in significant economic benefits being realised.
1.5	In February 2011, BCC commissioned a Business Case to explore the feasibility of creating a link between the Waterfront and the vacant Level 0 and Level 1 at the Lanyon Quay Building.
1.6	The Business Case concluded that the development of a link bridge and the conversion of Levels 0 and Level 1 could potentially provide the venue with significant additional space, thereby providing the potential to attract large scale international conferences.
1.7	Following the completion of the Business Case, BCC commissioned RSM McClure Watters to complete a Full "Green Book" Economic Appraisal to consider the most appropriate option for the development of integrated conferencing facilities in Belfast.
1.8	RSM McClure Watters have been invited by the Committee to present their conclusions and recommendations.

	<b>Key Issues</b>
2.1	<p>The development of new/enhanced conferencing/convention facilities represents a significant opportunity to contribute to:</p> <ul style="list-style-type: none"> <li>•The promotion of business tourism within Belfast;</li> <li>•The development of Belfast as a prime tourism destination;</li> <li>•The economic growth of Belfast and the wider region;</li> <li>•Job creation; and</li> <li>•Urban regeneration</li> </ul>
2.2	Specifically, the growth of the business tourism market is cited by both the Northern Ireland Tourist Board's (NITB) Draft Tourism Strategy 2020 and BCC's Integrated Strategic Framework for Belfast Tourism as a key strategic priority and significant opportunity for the growth of Belfast and Northern Ireland over the next 10 years.
2.3	<p><u>Business Tourism</u></p> <p>Business Tourism is identified as a key growth area for the local economy over the next 10 years. It is considered:</p> <ul style="list-style-type: none"> <li>• resilient, sustainable and complements the leisure tourism sector;</li> <li>• to be at the high quality, high yield end of the tourism spectrum;</li> <li>• to create quality, year-round employment opportunities;</li> <li>• that investments in business tourism facilities lead to the regeneration of urban and inner city areas;</li> <li>• that business tourism stimulates future inward investment as business people see the attractions of a destination while travelling on business or to attend a conference, exhibition or incentive, and then return to establish business operations there.</li> </ul>

2.4	<p><u>Overview of the National Conferencing Market</u></p> <ul style="list-style-type: none"> <li>• There are circa 12,000 International Conferences hosted annually, 375 of which were located in the UK in 2010, none of which were hosted in Belfast;</li> <li>• Research by the British Association of Conference Destinations (BACD) in 2006 identified that 2,509 associations regularly hold events. 1,208 (48%) hold a conference as their major annual event. A further 804 (32%) describe their main annual event as a meeting or AGM. An additional 153 associations hold a variety of annual events that range from lunches and dinners to festivals, ceremonies and presentations;</li> <li>• A total of 63 opportunities have been lost by the City and by the Waterfront directly over the period 2008 – 2011 due to a lack of appropriate facilities (Source: BVCB/Waterfront); and</li> <li>• Consultations with Professional Conference Organisers (PCO"s) and Associations have indicated that should adequate facilities be in place they would be willing to bring conferences to Belfast</li> </ul>
2.5	<p><u>Need for Additional/Enhanced Conference Facilities in Belfast</u></p> <p>Since 2008 there has been a significant decline in the number of conferences hosted in Belfast with the number of national and international conferences has declined by 93% and 71% respectively over the period 2008-2010. In total the number of conferences hosted in the city has decreased by 92% in that period. In addition to the citywide decline, the number of conferences hosted at the Waterfront over the last 3 years has decreased by circa 36%. The corporate market has stayed largely consistent during this period, with the largest decline in the GB and International Association market, which has seen a 59% decrease.</p> <p>Stakeholder consultation has indicated that the key reasons for this decline is the lack of appropriate facilities in the city. As the Waterfront is the largest and most popular venue, the issues highlighted with this venue include:</p> <ul style="list-style-type: none"> <li>• There is insufficient exhibition space available on site. Exhibition space requirements range from 1,500 sq/m to 5,000 sq/m (3,000 delegate conference);</li> <li>• The exhibition space that is available is split over 3 levels, which is not appropriate for the majority of exhibitions;</li> <li>• There is a lack of appropriate sized breakout space at the venue also; and</li> <li>• There is no banqueting facility available on site, which some associations prefer. As with exhibitions, in the past the Waterfront has offer St George's Market as a potential location for exhibitions, but as it is a separate building a short distance from the plenary sessions, this has been poorly received.</li> </ul> <p>Given the above constraints, the following requirements were identified by those consulted:</p> <ul style="list-style-type: none"> <li>• An integrated convention centre with a clear span exhibition space across one level with a minimum of 2,000 sq/m;</li> <li>• A minimum of 5 rooms that can accommodate breakout that can accommodate larger groups i.e. 200 plus; and</li> </ul>

	<ul style="list-style-type: none"> <li>• Banqueting space that can accommodate up to 750 people.</li> </ul>
2.6	<p><u>Project Objectives</u></p> <p>The aims for this project are to:</p> <ul style="list-style-type: none"> <li>• Provide an integrated conference/convention centre solution in Belfast;</li> <li>• Position Belfast as a premium destination for National and International Conferences;</li> <li>• Utilise the development of business tourism in Belfast as a catalyst for wider economic growth across the City;</li> <li>• The creation of jobs at the new facility and to create and sustain jobs across the city of Belfast;</li> <li>• Exploit the Bleisure“tourism market through increasing return visits to Belfast of Business Visitors;</li> <li>• To improve the sustainability/growth of the local hotel market; and</li> <li>• Improve the profile, perception and image of Belfast as a City.</li> </ul> <p>The objectives of this project are:</p> <ul style="list-style-type: none"> <li>• By 2015, provision of an integrated conference/convention centre in Belfast which offers the following: <ul style="list-style-type: none"> <li>○ A minimum of 2,000 sq/m exhibition space across one level (2010 Baseline: 520sq/m);</li> <li>○ Banqueting space for a minimum of 750 people (2010 Baseline: 450sq/m) ;</li> <li>○ Breakout provision for a minimum of 5 groups of 200 (2010 Baseline: 3 Rooms over 100);</li> </ul> </li> <li>• To attract 50,000 annual conference delegates to the City by 2020 (2010 Baseline: 25,000);</li> <li>• To attract 35,000 (of the 50,000) out-of-state conference delegates by 2020 (2010 Baseline: 5,750);</li> <li>• To host an average of 6 National Large Association conferences per annum from 2020 (Baseline: 1 Annually); and</li> <li>• To host an average of 6 International/European Association conferences per annum from 2020 (Baseline: one every 2 Years)</li> </ul>
2.7	<p>The consultants have examined for options as part of the appraisal, those options being:</p> <ul style="list-style-type: none"> <li>(i) Do nothing;</li> <li>(ii) Link to Lanyon Quay;</li> <li>(iii) Extension over service yard;</li> <li>(iv) Extension over service yard with additional space.</li> </ul>
2.8	<p>The option appraisal also considers the potential operating model for the new facility.</p>
2.9	<p>A summary document on the Economic Appraisal will be made available to Members on the night.</p>

<b>Resource Implications</b>	
3.1	The total capital cost for the project is anticipated net to exceed £20m. An application for funding of £2m has been made to the NITB Tourism Development Scheme and a further application is being prepared for a £10m application to the European Regional Development Fund. The capital cost to the Council is not expected to exceed £8.
3.2	It is projected, however, that the reduction in the deficit funding required for the Waterfront Hall in the future will reduce significantly as a result of this investment.

<b>Equality and Good Relations Implications</b>	
4.1	None.

<b>Recommendations</b>	
5.1	Members are asked to consider the conclusions and recommendations of the report and agree to officers bringing forward an implementation plan and associated timetable in due course.

<b>Decision Tracking</b>	
6.1	The Director of Development will bring forward a further report in early March 2012.