



Report to:	Development Committee
Subject:	Update on capital projects designed to enhance the city's economic infrastructure
Date:	20 August 2013
Reporting Officer:	John McGrillen, Director of Development, ext 3470

1.	Relevant Background Information
1.1	<p>Members will be aware that in the Council's Investment Programme 2012-2015 there was a commitment to seek external funding through ERDF and other sources for a number of flagship projects designed to enhance the city's economic infrastructure including -</p> <ul style="list-style-type: none"> - Belfast Waterfront – extending the Waterfront to provide world-class conference and exhibition facilities - Innovation Centre- constructing a 35,000sq feet centre, designed to support the development and growth of indigenous businesses and attract FDI in key growth sectors - Creative Hub - providing a digital / creative hub facility in Belfast to help support the development and growth of the film, television, music and digital content sectors within the council area. It is envisaged that this will be a refurbishment of an existing building - Relocation of the Belfast Welcome Centre – providing a better, more accessible service and facility for visitors to the city - Super Connected Belfast - making Belfast a world class digital city by 2015 <p>As requested by Committee at the June meeting, this report provides an update on the progress of these projects.</p>
2.	Key Issues
2.1	<p>An overview of the current status of the projects is outlined in Table 1 below. Section 3 of this report contains specific updates on each project. Members will be aware that the SP&R Committee is the Council's investment decision maker and that all capital projects must go through a Stage process where decisions on which projects progress are taken by SP&R. These schemes are all at Stage 3 on the Council's Capital Programme as Committed projects.</p>
2.2	<p>As outlined above external funding is being sought for these projects. To date the Welcome Centre and the Super-Connected Cities project have received letters of offer. ERDF applications are currently being progressed for the Waterfront, Innovation Centre and the Creative Hub. Members are asked to note that the deadlines around ERDF projects are extremely tight with all money to be committed and spent by 2015. Therefore in order to meet the tight EU deadlines and avail of potential funding, it has been necessary for these projects to proceed to tender preparation stage. As Members are aware preparing tender documentation and progressing this can be time consuming with procurement exercises taking on average 3-6months depending on the scale of the</p>

	project. This may also lengthen if there are challenges to the procurement exercise. The SP&R Committee therefore agreed in June 2013 that these are on the Capital Programme as Stage 3 – Tier 0 (Schemes at risk).																																				
2.3	Letters of offer for the Waterfront, Innovation Centre and Creative Hub are expected by Aug, Sept and October respectively. However Members are asked to note that NO CONSTRUCTION CONTRACTS for these projects will be awarded until a letter of offer is in place, the terms and conditions for funding have been agreed by Legal Services or that any other outstanding issues have been resolved.																																				
2.4	<p>Table 1 – Overview of status of Capital Schemes</p> <table border="1"> <thead> <tr> <th>Project</th> <th>Stage on BCC Capital Prog</th> <th>Estimated Gross Cost</th> <th>Estimated Net cost (BCC)</th> <th>LOO received</th> <th>Anticipated Completion</th> </tr> </thead> <tbody> <tr> <td>Belfast Waterfront</td> <td>Stage 3 - Tier 0 - Schemes at risk</td> <td>£29m -£14m ERDF - £4m NITB</td> <td>£11m</td> <td>No</td> <td>Dec 2015</td> </tr> <tr> <td>Innovation Centre</td> <td>Stage 3 - Tier 0 - Schemes at risk</td> <td>£9.1m -£4.55m ERDF -£2.275m Invest NI</td> <td>£2,275,000</td> <td>No</td> <td>Dec 2015</td> </tr> <tr> <td>Creative Hub</td> <td>Stage 3 - Tier 0 – Schemes at risk</td> <td>£4.9m - £2.45m ERDF -£1.227m Invest NI</td> <td>£1,227,515</td> <td>No</td> <td>Dec 2015</td> </tr> <tr> <td>Belfast Welcome Centre</td> <td>Stage 3 – Tier 2 – Schemes underway</td> <td>£1.86m £747,000 ERDF</td> <td>£1,112,690</td> <td>Yes</td> <td>Nov 2013</td> </tr> <tr> <td>Super Connected Belfast</td> <td>Stage 3 – Tier 1 – Tender preparation stage</td> <td>£16.7m £13.7m DCMS Urban Broadband Fund</td> <td>£3m</td> <td>Yes</td> <td>Mar 2015</td> </tr> </tbody> </table>	Project	Stage on BCC Capital Prog	Estimated Gross Cost	Estimated Net cost (BCC)	LOO received	Anticipated Completion	Belfast Waterfront	Stage 3 - Tier 0 - Schemes at risk	£29m -£14m ERDF - £4m NITB	£11m	No	Dec 2015	Innovation Centre	Stage 3 - Tier 0 - Schemes at risk	£9.1m -£4.55m ERDF -£2.275m Invest NI	£2,275,000	No	Dec 2015	Creative Hub	Stage 3 - Tier 0 – Schemes at risk	£4.9m - £2.45m ERDF -£1.227m Invest NI	£1,227,515	No	Dec 2015	Belfast Welcome Centre	Stage 3 – Tier 2 – Schemes underway	£1.86m £747,000 ERDF	£1,112,690	Yes	Nov 2013	Super Connected Belfast	Stage 3 – Tier 1 – Tender preparation stage	£16.7m £13.7m DCMS Urban Broadband Fund	£3m	Yes	Mar 2015
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2.5	Members will also be aware that all EU funded projects must follow specific regulations governing project management, procurement and publicity. To address these, the Council has produced comprehensive ERDF guidance and risk management plans.																																				
2.6	Members will also be aware that as part of the Investment Programme, the Council has committed to introducing, where appropriate, social and community benefits clauses into council tenders. This is being looked at as part of the each of the individual projects listed below and Committee will be kept up to date of the opportunities that have been created for local people as part of this.																																				
3.0	Specific project updates																																				
	<i>Waterfront Hall Convention Centre</i>																																				
3.1	The Waterfront is the Council’s flagship ERDF project under the Investment Programme. Given the scale of this project there are a number of key interrelated strands which are being taken forward. Members are asked to note that the Board of NITB at its meeting on June 25 th approved the project. The Economic Appraisal was passed from DETI to the Department of Finance and Personnel for final assessment.																																				
	<i>Design and construction</i>																																				

3.2	An Integrated Design Team, led by WH Stephens, were appointed in June. The team have developed up the original concepts included in the Economic Appraisal to the point of being a working design and were granted approval by the Project Board to progress the preferred design to the stage where it can be submitted for full planning approval. It is anticipated that this application will be submitted by the end of September.
3.3	<p>The design being progressed fully satisfies the project brief as cited in the EA and is deliverable within the time, cost and quality constraints. Extending from the current service yard to the riverside end of the existing bars, the building will provide direct access to and from the River Lagan, with a riverside walkway remaining outside the building. The new space will be fully integrated with the existing building at the current restaurant terrace and back of house office corridors on levels 1 and 2 requiring the relocation of offices on these levels to the ground floor. Key features of the proposed design include:</p> <ul style="list-style-type: none"> - Ground Floor – access, office and service areas - First Floor – 2 event spaces of 2000m² and 1000m² capacity - Second Floor – flexible space of up to 1000m²
3.4	Members are asked to note that under this design the existing Studio space remains intact increasing programming opportunities and the flexibility of the overall venue. An additional positive aspect of the design is that 3000m ² of space will be available on one level which enhances the market offering. Key stakeholders, including the Hilton Hotel, are actively engaging with the Council's design team via their European assets management unit and to date have provided a very favourable response to the design presented and the integration of the commercial link between the conference centre and the hotel. Further negotiation will proceed with detailed designs and consultation of existing legal agreements that exists for the service yard
3.5	Members are asked to note that the design team are working closely with the Council and are engaging as appropriate with internal and external stakeholders including DSD, Planning Service, Building Control, Lanyon Place Management. A process of project benchmarking has begun with the design team attending site visits at Edinburgh EICC (who have recently extended their facilities at a cost of £29m) and Dublin CCD. Negotiations are also underway with DSD regarding the transfer of land required for the Waterfront extension into Lanyon Place public realm area.
	<i>Operating Model</i>
3.6	The Council have recently commissioned external consultants to assist in looking at options for the future operating model. This analysis will look at the advantages and disadvantages of each approach, staffing issues, FM service provision, the infrastructure/organisational structure required and the governance structures needed. It is anticipated that an initial report will be presented to the Development Committee next month. This will also include feedback from a soft market testing exercise which has commenced to test the market interest and to identify further detail that should be considered with the design.
	<i>Innovation Centre</i>
3.7	The Innovation Centre is currently being economically appraised and it is anticipated that a letter of offer will be received in September. Work is therefore continuing at risk in order to meet the tight funding deadline. Members are asked to note that it was previously agreed by the SP&R Committee in September 2012 that the Council would build the Innovation centre and retain the ownership of this but that a separate contract would be developed for an external organisation to

	operate the scheme.
	<i>Design and construction</i>
3.8	The tender for the appointment of the design team is due to be evaluated w/c 12 August 2013, while the pre-qualification questionnaire (PQQ) for the main construction contract is due to be returned on 20 Sept 2013. Work to remove or neutralise Japanese knotweed is currently underway (funded by Invest NI); whilst quotations for a topographical survey for the site are currently being assessed.
	<i>Operating Model</i>
3.9	The project team have also visited a number of Innovation Centres across England to learn from best practice and work is currently being undertaken into scoping the size, shape and sector of likely user groups within N Ireland, along with the potential from FDI investors. This scoping will help inform design features, number of units, and the nature of programme support. This work is being supported by the external consultant developing the operating model for the Waterfront.
	<i>Stakeholder Engagement</i>
3.10	Community engagement and consultation has been identified as a key strand of the Innovation project and to date 15 local groups have been consulted, and any concerns raised will help inform future communication plans. A public information programme, consisting of meetings and workshops, has been included into the design brief; while creating local opportunities through social clauses will be included in the main construction contract.
	Creative Hub
3.11	The Creative Hub project is currently being economically appraised. It is envisaged that this will be completed by mid-September. Members will be aware that an update report on the Creative Hub project was taken to Committee in April 2013 where Members agreed that the Hub should be located in the vicinity of the Cathedral Quarter/Inner North (the precise location to be determined). Since this time officers have been progressing discussions with agents and researching potential locations including options in Donegal Street and near Smithfield. The Hub is likely to be located in refurbished premises rather than a new build. A report to agree the location for the Hub will be presented to a future meeting of the Strategic Policy & Resources Committee.
3.12	The Council is working closely with Invest NI, universities and the digital industry to agree support programmes and services that will be offered at the Hub. This work is aligned with the Council's Creative Industries Strategy, including initiatives such as the proposed Belfast Trade Mission to Silicon Valley in Oct 2013.
	Relocation of the Welcome Centre
	<i>Design and Construction</i>
3.13	Members may be aware that the construction on the new Welcome Centre commenced on 16 July 2013, with H&J Martin as the main contractor and is now well underway. Significant efforts have been invested in the design phase and site preparations. It is anticipated that construction will be completed in November which will enable the Centre to be open for the Christmas trading period.
3.14	The technology contract is also underway with three main elements of delivery: <ul style="list-style-type: none"> - Four inter-active screens covering the Belfast Story – highlighting the history, people, places and experiences.

	<ul style="list-style-type: none"> - Eight interactive screens highlighting key attractions within specific themes, including Maritime Belfast, Family Fun, Entertainment, the Great Outdoors and Beyond Belfast. - 4 self-service panels featuring all the attractions within Belfast, with the ability to e-mail details to the customer so they can instantly access their selection by Smartphone. <p>The content to support the technology is currently being populated, including the capture of digital images and DVDs; whilst retail and commercial workstreams, including the development of a new and more distinctive product range, are also underway.</p>
	Super-Connected Belfast
3.15	<p>Members will be aware that the Department of Culture Media and Sport (DCMS) announced in September 2012 that Belfast had been successful in their bid to the Urban Broadband Fund (UBF) and had been allocated £13.7m. This was the 2nd largest award given to a city outside of London. The initial bid focused on 4 key strands - (1) 100% access to superfast broadband across the city; (2) targeted ultra-fast broadband to specific sectors; (3) wireless infrastructure and (4) micro-fibre grants. One of the crucial aspects of the bid was also the partnership programmes (demand stimulation) that would be put in place to make best use of the telecommunications infrastructure in order to derive maximum benefits for the city</p>
3.16	<p>Members may be aware that since this announcement, the Council's Super Connected Belfast team has been working closely with DCMS, the key suppliers and the Roads Service. However finalisation of an agreed programme was hampered by DCMS changing the scope the project on a number of occasions. This uncertainty has led to the demand stimulation element of the programme being curtailed. The Council was subsequently informed in May that the fixed broadband elements of the UBF would no longer be part of the scope of the project. The reason being that it would take up to 18 months to resolve State Aid issues with the EU Commission. This means that the fixed superfast and ultrafast parts of the Council's project are no longer viable.</p>
3.17	<p>Members are however asked to note that the original allocation of £13.7m remains unchanged and the original vision and objectives for the project still apply. The key element of the demand stimulation work which will underpin the technology programme is being progressed by the Development Department. In light of the revisions to the project scope as outlined above the Super-Connected project now has three strands, each with agreed funding from DCMS. Progress on each and the next steps are outlined below -</p> <ol style="list-style-type: none"> 1. <i>Belfast Voucher Scheme</i> - This is the largest strand at almost £10m and consists of grants to SMEs and third-sector enterprises to enable them to access superfast connections. A two-month pilot is underway and applications are now being processed. The full scheme is scheduled to launch at the start of November. Work is ongoing to scale up for the increased volumes and to prepare the marketing activity to raise awareness of the scheme across the city. A business support and training programme is also being designed in order to help businesses and charities maximize the benefits from the new connectivity provided by the vouchers. 2. <i>Metro Wireless</i> - The second strand (at almost £2.5m) is a concession to use street furniture for the installation of wireless communications equipment to improve the capacity of wireless coverage within target areas in the BCC boundary. This project requires BCC to invest in mini-pillars to power small cell wireless devices which will be mounted on DRD street lighting columns. Negotiations with DRD regarding access to the street lighting columns have agreed a design in principle. We are developing the detailed specifications of the mini-pillars that are to

	<p>be deployed, for final approval by DRD and NIE. The Pre-qualification Questionnaire (PQQ) and information pack for the tender are in development and will include these detailed specifications. We anticipate having the PQQ ready for release by the end of September.</p> <p>3. <i>Wi-fi in public buildings</i> - The final strand (at almost £1.5m) is the installation of wi-fi in a wide range of public buildings to improve wi-fi access in every area of our citizens' lives. The next task is to return to the Memorandums of Intent which were signed by our partners at the bid stage of this project. The requirement is to agree which organisations wish to participate in this particular scheme, to agree the buildings to be included and the specifications of equipment required. A significant effort will be required initially to get these agreements and specifications in place. These will in turn inform the development of the PQQ.</p>
4	Resource Implications
4.1	There are no additional resource implications attached to this report as the financial resources have already been agreed for these schemes.
5	Equality and Good Relations Considerations
4.1	There are no Equality and Good Relations implications attached to this report.
5	Recommendations
5.1	Members are asked to note the contents of the report.
6	Decision Tracking
Timeline: N/A Reporting Officer:	
7	Key to Abbreviations
Full Business Case (FBC) Strategic Outline Case (SOC) Letters of Offer (LOO) Department for Culture, Media and Sport (DCMS) Belfast Visitor and Convention Centre (BVCB)	
8	Documents Attached
None	