



Report to:	Development Committee
Subject:	Update on capital schemes
Date:	19 August 2014
Reporting Officer:	John McGrillen, Director of Development, ext 3470
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1	Relevant Background Information
1.1	Members will be aware that there are a number of major capital schemes that are being led by the Development Committee, in line with commitments set out in the Council's Investment Programme 2012-2015. These include: <ul style="list-style-type: none"> – Waterfront Hall conference and exhibition centre – Innovation Centre – Creative Hub – Public Bike Share Scheme
1.2	While the investment decisions and funding authority for the schemes are presented to the Strategic Policy and Resources Committee, the majority of the development activity is taking place across a range of teams based within the Development Department.

2	Key Issues
2.1	<u>Waterfront Hall conference and exhibition centre</u> As Members may be aware, the tenders for the main construction project were returned in early June 2014 and McLaughlin and Harvey have been selected as the preferred bidder for the work. The company is currently working on detailed designs and construction is likely to get underway in September 2014.
2.2	The letter of offer is in place from NITB and this covers the ERDF funding element of the project. In order to meet the funding deadlines, resources have been put in place to oversee the project management on the capital side as well as looking at the operational aspects of the building and taking account of how it will function post-completion.
2.3	The letter of offer commits the Council to maximising the economic benefit of the investment. It also requires the Council to consider all available options for the

	<p>future delivery of services. An options appraisal will be undertaken in the coming months and a report will be presented to the Strategic Policy and Resources (SP&R) Committee for consideration in due course.</p>
2.4	<p>An Interim MD – Geoff Fenlon – was appointed in April 2014 to oversee the development of the project from an operational perspective. Given his experience in a number of similar projects, he has been providing technical expertise to ensure that the proposed development can compete on a global stage and deliver the ambition economic benefits and targets set out in the letter of offer. He has also been focusing on the operational overheads and looking at how the ongoing Council subsidy to the development can be reduced.</p>
2.5	<p><u>Innovation Centre</u> The Forthriver Innovation Centre is a 55,000 sq ft capital build project with 35,000 sq ft nett lettable space located off the Springfield Road. The capital build cost of the Innovation Centre is estimated at £9.1m. A funding allocation of £6,153,254 from Invest NI (INI) and the NI ERDF Programme has been positively appraised but a formal letter of offer for the project is still awaited.</p>
2.6	<p>Quantifiable outputs for the project (in-line with the indicative funding letter of offer) are:</p> <ul style="list-style-type: none"> - To support approximately 221 jobs in the ongoing operation of the Innovation Centre (assuming 1 job per 125 sq ft and circa 84% occupancy from year 10 onwards). - To deliver via the appointed operator a suite of collaborative, specific, exemplar business support within an enterprising organisational culture leading to business support events / programmes to 100 companies annually from 2016 onwards. - 5 collaborative networks supported from 2016 onwards. - To deliver an economic benefit from the ongoing operation of the Innovation Centre of approximately £1.2m net GVA per annum from year 10 onwards.
2.7	<p>Officers have continued to progress the project under the Council's approval at risk so to meet the ERDF and INI spend deadline of 31st December 2015. Tenders for the capital programme closed on Friday 1st August and at the time of writing were being assessed with a view to making an award early September (subject to necessary Council approvals and receipt of the Letter of Offer). Subject to a successful contract award the programme is considered achievable by the December 2015 timescale.</p>
2.8	<p>The planning application was submitted in April 2014 and the project is being considered a Large Scale Investment with an estimated assessment timeframe of 6 months. Recent meetings with Planners have been relatively positive with any technical aspects able to be addressed. Further discussions are being scheduled with Planners to further discuss the permitted use classifications that will apply to the site.</p>
2.9	<p>In parallel to the capital programme and planning application officers are preparing a specification for the appointment of an operator to be procured through a competitive dialogue procurement process (subject to approval by SP&R and Shadow SP&R). The appointment of the Operator is scheduled to complete Sept / Oct 2015 depending on the number of competitive bids received.</p>

2.10	A further layer of financial modelling is being undertaken to inform and define the Council's position in the operator business model.
2.11	Social clauses are incorporated into the capital contract and social outputs will be considered as part of the competitive dialogue process towards appointment of the operator.
2.12	The lease from Invest NI to Council for the land to facilitate the project is in final draft format.
2.13	<u>Public Bike Share Scheme</u> The development of a Public Bike Share Scheme is identified as a partnership project in the Council's Investment Programme 2012-2015. The Council secured funding of £1.1 million for the capital infrastructure of the Belfast Public Bike Share Scheme from the Department for Regional Development (DRD) as part of their Active Travel Demonstration Projects budget.
2.14	As Members may be aware, the Council carried out a competitive procurement process in November/December 2013 for a provider to design, supply, maintain and operate a Belfast Bike Share Scheme. As a result, the Council selected a preferred supplier, NSL and its partner Nextbike, who submitted the most economically advantageous tender. The SP&R committee agreed on the 21 st March to proceed to award the contract to NSL and this received full Council endorsement on the 1 st April. Nextbike will provide the bicycle infrastructure and management system and NSL will oversee the operation and maintenance of the system. The contract between NSL and the Council is for 6 years with an option to renew for a further 3 years to operate and maintain the scheme.
2.15	The Council also carried out a competitive procurement process at the same time to secure a sponsor for the scheme and SP&R agreed in March 2014 to allow the Council to continue the negotiations for the sponsorship with interested parties with a view to securing the optimal outcome. This process is ongoing and a report will be brought back to SP&R for a decision at a later date.
2.16	The current funding for Phase 1 of the Public Bike Share Scheme aims to create a network of up to 30 docking stations supporting 300 bikes with associated infrastructure in the Belfast city centre as previously agreed by Committee in April 2013. It is desirable to extend the Scheme into the surrounding residential areas and employment, retail, educational and tourism/cultural destinations outside the city centre boundary and the options for future expansion of the scheme will be considered at a later date.
2.17	The siting of the docking station for phase 1 is currently being finalised with DRD Transport NI and the various landowners to ensure the Council can put the necessary statutory approvals in place. Consultation has also continued with a range of stakeholders and inner city community groups to inform them of the development and implementation of the scheme.
2.18	The construction of the docking station and associated infrastructure is scheduled to take place from November 2014 to February 2015. Commissioning and testing is planned for March 2015 with the scheme planned to go live in April 2015.
2.19	<u>Creative Hub</u> The Creative Hub Project entails the refurbishment of a property located at 19-21

	<p>Donegall Street in Cathedral Quarter to support the City's creative and digital media industry. The Hub is estimated to have a nett lettable area of 9,100 sq ft (subject to final detailed design). It will accommodate approximately 90 desks for hire on a lettable term or as hot-desks. It will also include informal and formal meeting space, kitchenettes and an events space. The Hub aspires to be a totem pole for the Creative Digital Industry Sector to accelerate growth through collaboration, mentoring and tailored programmes of support.</p>
2.20	<p>The total cost of the refurbishment is estimated to be £3,181,598 including £900,000 for building purchase. The estimated funding allocation from Invest NI and NI ERDF Programme is £2,239,993 although the economic appraisal for the project has not yet been completed. Recent correspondence received from Invest NI advised that the economic appraisal will conclude week commencing 26th August. Following this date the project will be subject to case-work by Invest NI and Central Government Departmental Approvals before a formal Letter of Offer for funding will be issued by Invest NI.</p>
2.21	<p>The property purchase for the achievement of the Creative Hub Project is still pending in anticipation of a funding award outcome.</p>
2.22	<p>A tender for the appointment of a design team to develop the detailed design proposal for the project closed at the beginning of August and is currently being assessed.</p>
2.23	<p>Further technical input is being sought from operators in this field to inform the detailed design. A draft operator specification is being prepared. Upon notice of a positive economic appraisal and subject to Committee approval a public procurement exercise will be undertaken to appoint the operator for the project in line with the capital programme.</p>
2.24	<p>Planning implications will be determined upon completion of detailed design but it is not anticipated that a major planning application will be required for the achievement of the project.</p>
2.25	<p>The ERDF and INI expenditure deadline for the Creative Hub Project is December 2015.</p>

3	Resource Implications
3.1	<p>Budgets for the capital development associated with these projects have been agreed and approved by the Strategic Policy and Resources Committee. Consideration is being given to the ongoing resource commitments associated with the operation of these projects, with a view to reducing the reliance on council subvention. Reports on the revenue commitments will also be presented to future meetings of the SP&R Committee.</p>

4	Equality and Good Relations Considerations
4.1	<p>Projects will be subject to equality screening.</p>

5	Recommendations
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5.1	It is recommended that Members: <ul style="list-style-type: none">- Note the ongoing work on the major capital investment schemes as part of the Investment Programme 2012-2015- Note the upcoming milestones and key deadlines on the projects
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6	Decision Tracking
Timeline: December 2014	Reporting Officer: Lisa Toland

7	Key to Abbreviations
ERDF – European Regional Development Fund	
NITB – Northern Ireland Tourist Board	