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| <b>Report to:</b>         | Strategic Policy and Resources Committee   |
| <b>Subject:</b>           | Capital Programme – Update   |
| <b>Date:</b>              | 22 August 2014   |
| <b>Reporting Officer:</b> | Gerry Millar, Director of Property and Projects<br>Ronan Cregan, Director of Finance and Resources |

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| <b>1.0</b> | <b>Purpose of report</b>   |
| 1.1        | <p>The Council’s Capital Programme is a rolling programme of investment which either improves existing Council facilities or provides new facilities. This report provides -</p> <ul style="list-style-type: none"> <li>▪ key highlights since the last Committee report in June</li> <li>▪ proposed recommendations for movement between the Capital Programme stages</li> <li>▪ proposal for the reconfiguration of the ‘Stage 1 – Emerging Projects’ tier</li> <li>▪ specific project updates</li> <li>▪ an update on the communications and engagement activities for capital projects planned for the coming months</li> </ul>  |
| <b>2.0</b> | <b>Relevant Background Information</b>   |
|            | <b><i>Capital Programme – Key highlights – June-August 2014</i></b>  |
| 2.1        | <p>Significant progress has been made in <b>the delivery of the capital programme</b> since it was agreed by SP&amp;R Committee. Update photos of projects are attached at Appendix A. The Property &amp; Projects department is happy to <b>arrange site visits</b> for Members/ Party Groups to any capital project.</p>   |
| 2.2        | <p>Key highlights since the last update report in June include -</p> <ul style="list-style-type: none"> <li>• construction work has begun on the <b>new £1.7m 3G pitch at Cliftonville</b> as part of the overall £4million Bunscoil Bheann Mhadagáin development – this is the first pitch to go on ground as part of the £15m Pitches Strategy and is due to complete by January 2016</li> <li>• work is well underway on the new <b>£430,000 Adventurers Learning Centre at Belfast Zoo</b> – this project has secured match funding from ERDF. Work began in July and is due to complete by November. Members are asked to note that this project had to begin in July due to profiling commitments and that the ERDF monies would have been decommitted from this project if work had not begun at this time</li> <li>• work is continuing on the £11.7m <b>Girdwood Hub</b> together with DSD infrastructure works and a new housing development</li> <li>• the <b>tender</b> for the main works for the <b>Belfast Waterfront Exhibition and Conference facility</b> has been awarded and <b>enabling works</b> for the project were completed in August</li> <li>• tenders for two major projects – <b>Phase 2</b> of the <b>Conswater Community Greenway</b> and the <b>Innovation Centre</b> have been returned and are currently being assessed. An update on these will</li> </ul> |

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|            | <p>be brought to Committee next month</p> <ul style="list-style-type: none"> <li>Phase 1 works on <b>Drumglass Park</b> were completed and the Park reopened in July – Phase 2 of the works (Wall, lighting and art) will commence in September</li> <li>Work on <b>Phase 1 of the Half Moon Lake</b> project is underway (new signage, paths and painting). Main phases of work will commence later in the year</li> <li><b>Dunville and Woodvale Parks</b>, which underwent £4million refurbishment programmes during last year, <b>were awarded ‘Green Flag’ status in July</b></li> <li>Work commenced in June on the <b>new pavilion at Suffolk Playing Fields</b> – this is due to complete in the late summer</li> <li>Over <b>650 applications</b> have received to date under the <b>Super-Connected voucher scheme</b>.</li> </ul> |
| <b>3.0</b> | <b>KEY ISSUES</b>  |
| 3.1        | Members have agreed that <u>all</u> capital projects must go through a <b>three Stage process</b> where decisions on which projects progress are taken by SP&R. This provides assurance as to the level of financial control and will allow Members to properly consider the opportunity costs of approving one capital project over another capital project. Importantly it will also enable Members to focus on delivering the projects which can have maximum benefits and investment return for the city and local areas.  |
|            | <b>Proposed movements</b>  |
|            | <i>Council accommodation</i>   |
| 3.2        | Members are asked to note that the SP&R Committee agreed at its meeting in June <i>‘to approve the commencement of a tendering exercise to procure new build office accommodation in the city centre.’</i> Committee is therefore asked to note that this project has been moved to ‘Stage 3- Tier 1 – Schemes at Tender preparation stage’ on the Capital Programme. In line with the agreement at Committee in June regular updates on this project will be taken to Committee as required going forward.  |
|            | <b>Proposed reconfiguration of ‘Stage 1 – Emerging Projects’</b>   |
| 3.3        | Members will be aware that there a number of projects at <i>‘Stage 1 – Emerging project’</i> status on the Capital Programme. These projects require completion of a Strategic Outline Case (SOC) before they could be considered further by SP&R Committee. Some of the current ‘Stage 1 – Emerging projects’ are site specific and/or may no longer progress given that the Programme has moved on from when projects were agreed/placed on the list and other projects have superseded these - e.g. Members will be aware that the development of the Innovation Centre at Springvale will have an impact on the proposed recycling centre which had previously also been proposed for this location.   |
| 3.4        | Over the past year Members have agreed a growing number of capital projects on a ‘programme’ basis for example the pitches strategy, the MUGA programme, the leisure transformation programme, Fleet Replacement Programme and the Falls Park Masterplan. <b>This has allowed individual projects to then be progressed as required through the Stage Approval process which has been agreed</b> – e.g. Olympia and Andersonstown regeneration projects under the LTP and new MUGAs at Annadale; Clarendon and Springfield Avenue. Members are also asked to note that it has been agreed that from next year the Playground Improvement Programme will also become part of the Capital Programme.   |
| 3.5        | Looking at projects under a programme basis has a number of benefits for Members - <ul style="list-style-type: none"> <li>it allows the benefits and outcomes from projects to be considered at city-wide level</li> <li>gives Members the ability to consider the opportunity costs of approving one project or programme over another</li> </ul>   |

|   | <ul style="list-style-type: none"> <li>importantly it will give members more flexibility in adding projects to the Emerging Project list – this will be key in the context of having to consider a wider capital programme given the Council’s new roles and responsibilities and enhanced boundaries under LGR.</li> </ul> <p><b>However while these maybe approved as programmes, Members are asked to note that individual emerging projects under the programmes will still be required to go through the Stage Approval process as agreed to move from Stage 1 to Stage 2 etc.</b></p>   |              |                   |   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
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| 3.6   | <p>It is therefore proposed that the current ‘Stage 1 – Emerging Projects’ are reconfigured to reflect programmes of projects rather than individual projects where possible. <b>In doing this Members are asked to note that NO projects are being removed from the list but will continue to be considered as part of programmes.</b> Members are asked to note that it is not possible for all the projects to be considered as programmes and there will continue to be stand-alone projects as required. <b>A summary of the proposed reconfiguration of the Stage 1 projects attached at Appendix B. Members are asked whether they agree with this proposed reconfiguration.</b></p>   |              |                   |   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
|   | <b>Updates on capital projects</b>  |              |                   |   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
| 3.7   | <p>As outlined above the tender for one of the biggest projects under the Investment Programme has recently been awarded – this is for the main works (worth approx £23.4m) for the <b>Belfast Waterfront Conference and Exhibition facilities</b>. Work is due to commence in late Autumn. As an ERDF project there is a tight timescale for delivery of this project. Members will be kept up to date with progress on this project.</p>  |              |                   |   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
| 3.8   | <p>Tenders have also been returned for two other major projects under the Investment Programme- <b>Phase 2 of the Connswater Community Greenway and the Innovation Centre</b>. These tenders are currently being evaluated and updates on the outcome of these will be brought to Committee next month. Together with the Waterfront, <b>these projects are worth nearly £60million.</b></p>  |              |                   |   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
|   | <b>EU funded projects – Update</b>  |              |                   |   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
| 3.9   | <p>Members will be aware that there are a range of projects under the Investment Programme which are subject to EU funding via ERDF or Peace III. The status of these projects is outlined in the table below.</p> <table border="1"> <thead> <tr> <th>Project</th> <th>LOO</th> <th>Overall cost</th> <th>Funding amount</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Girdwood Hub</td> <td>Yes</td> <td>£11,700,000</td> <td>£9,</td> <td>On ground – due to complete June 15</td> </tr> <tr> <td>Waterfront Exhibition and Conference Centre</td> <td>Yes</td> <td>£29,500,000</td> <td>£18,500,000</td> <td>Enabling works completed<br/>Tender awarded – main works due to commence late Autumn</td> </tr> <tr> <td>Belfast Zoo – Adventures Learning Centre</td> <td>Yes</td> <td>£430,000</td> <td>£215,000</td> <td>On ground – due to complete November</td> </tr> <tr> <td>Innovation Centre</td> <td>No</td> <td>£9,100,000</td> <td>£6,825,000 sought</td> <td rowspan="3">All are still schemes at risk on the Capital Programme which means that they can be advanced to tender stage but NO construction contracts can be let</td> </tr> <tr> <td>North Foreshore – Infrastructure</td> <td>No</td> <td>£8,000,000</td> <td>£6,000,000 sought</td> </tr> <tr> <td>Creative Hub</td> <td>No</td> <td>£4,100,000</td> <td>£3,700,000 sought</td> </tr> </tbody> </table> | Project      | LOO               | Overall cost  | Funding amount | Status | Girdwood Hub | Yes | £11,700,000 | £9, | On ground – due to complete June 15 | Waterfront Exhibition and Conference Centre | Yes | £29,500,000 | £18,500,000 | Enabling works completed<br>Tender awarded – main works due to commence late Autumn | Belfast Zoo – Adventures Learning Centre | Yes | £430,000 | £215,000 | On ground – due to complete November | Innovation Centre | No | £9,100,000 | £6,825,000 sought | All are still schemes at risk on the Capital Programme which means that they can be advanced to tender stage but NO construction contracts can be let | North Foreshore – Infrastructure | No | £8,000,000 | £6,000,000 sought | Creative Hub | No | £4,100,000 | £3,700,000 sought |
| Project                                     | LOO   | Overall cost | Funding amount    | Status  |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
| Girdwood Hub                                | Yes   | £11,700,000  | £9,               | On ground – due to complete June 15   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
| Waterfront Exhibition and Conference Centre | Yes   | £29,500,000  | £18,500,000       | Enabling works completed<br>Tender awarded – main works due to commence late Autumn   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
| Belfast Zoo – Adventures Learning Centre    | Yes   | £430,000     | £215,000          | On ground – due to complete November  |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
| Innovation Centre                           | No  | £9,100,000   | £6,825,000 sought | All are still schemes at risk on the Capital Programme which means that they can be advanced to tender stage but NO construction contracts can be let |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
| North Foreshore – Infrastructure            | No  | £8,000,000   | £6,000,000 sought |   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
| Creative Hub                                | No  | £4,100,000   | £3,700,000 sought |   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |
| 3.10  | <p>The <b>tight timescales for the delivery of these projects</b> has been previously highlighted to Members on a number of occasions as all EU monies need to be committed and spent by the end of December 2015. This is an immovable deadline. In relation to the ERDF funded project (Waterfront, Innovation Centre, Creative Hub and North Foreshore) DETI recently wrote to the Council to highlight that “Each</p>   |              |                   |   |                |        |              |     |             |     |                                     |   |     |             |             |   |  |     |          |          |                                      |                   |    |            |                   |   |                                  |    |            |                   |              |    |            |                   |

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|            | <i>individual letter of offer will clearly state that Belfast City Council must self-finance the full cost of any expenditure after the 31<sup>st</sup> December deadline". As outlined in the table above 3 of these projects still have not received a letter of offer which is a major risk now in terms of the delivery. The lack of letter of offer for EU funded has already been escalated as a major corporate risk.</i>  |
| 3.11       | However in addition, recent correspondence has also been received from the sponsoring organisations (NITB and SEUPB) in relation to holding the Council to the original spend profiles submitted as part of the application process for a number of projects (the Zoo Playground, the Waterfront and Girdwood). These spend profiles submitted at a point in time and subsequent delays etc. in getting the projects signed off means that these are not achievable. This also presents a major risk for the Council in terms of grant recovery.  |
| 3.12       | Members are asked to note that the continuing delays in receiving letters of offer for the Innovation centre, North Foreshore and the Creative Hub along with the demands that the Council adhere to the original spend profiles which are no longer achievable could have serious implications for the Council in terms of a loss of grant and poses a serious reputational risk for the Council. <b>It is therefore proposed that a detailed report on these projects and the potential implications for the Council is brought to Committee next month.</b>  |
|            | <b>Fleet Replacement Programme</b>  |
| 3.13       | Members are asked to note that the Director of Finance & Resources exercised his delegated authority during the month of July to approve the purchase of 2 split bodied bin lorries for commercial waste recycling. These vehicles are being 100% capital funded by the Department of the Environment through the 'Rethink Waste' fund. The vehicles had to be purchased and delivered before the end of April 2015, to enable the Council to claim funding and given the procurement and delivery lead in times it was necessary for procurement to commence during July in order to meet the deadline set up the DoE. |
|            | <b>Pitches Strategy – Amendment to proposal for Ormeau Park</b>   |
| 3.14       | One of the key projects under the Pitches Strategy is the development of a 3G pitch and new pavilion at Ormeau Park. A planning application has been lodged in this respect however at recent meeting with the Planning Service, concern was expressed about the proposed location for the pitch and the pavilion. The issues over the pitch have been resolved however there are still outstanding issues in relation to the pavilion as the Planning Service had indicated that it would prefer for the new pavilion to be located immediately beside the Ozone.  |
| 3.15       | Members will be aware that the Leisure Transformation Programme has been developed and adopted, post the Pitches Strategy and that the Ozone will be considered under this programme. As work on Leisure Transformation continues, it is proposed that the development of a stand-alone new pavilion be delayed and that Officers explore the extent of the works and associated costs of refurbishing part of the Ozone to accommodate the addition of a new pavilion. It is intended that work on the construction of the 3G pitch be continued with a view to completion in 2015.                                    |
| <b>4.0</b> | <b>Capital Programmes – Communications and Events updates</b>   |
| 4.1        | Members are asked to note the activity undertaken between June and August in relation to the Capital Programme and the wider Investment Programme including – <ul style="list-style-type: none"> <li>• 39 articles placed in local and national media specifically for Investment Programme projects, with 59% generated through proactive activity and 100% rated positive/factual including: <ul style="list-style-type: none"> <li>- £750,000 capital enhancement fund for school sports facilities (Pitches Strategy)</li> </ul> </li> </ul>  |

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|     | <ul style="list-style-type: none"> <li>- Social clause opportunities at Girdwood Park – e.g. Meet the Buyer</li> <li>- Green Flag Award for Dunville and Woodvale Parks</li> <li>- Renewing the Routes successes</li> <li>- Employability Champion Award</li> <li>- Community Relations Week and promotion of projects funded via PEACE III monies</li> <li>- Achieve Bursary Fund information sessions</li> <li>- Connection Voucher Scheme information sessions (Super-connected Belfast)</li> </ul> <ul style="list-style-type: none"> <li>• Overview of delivery to date provided in City Matters magazine (July 2014), reaching 130,000 residents, with additional articles focusing on work on various projects</li> <li>• Increase in web traffic, with updates pushed out to almost 124,000 visitors per month</li> <li>• Regular social media posts, with Facebook reach now extending to over 70,000 people</li> <li>• Branded signage continues to be installed at high visibility points within capital projects</li> <li>• Communications plans developed for new capital projects, e.g. Tropical Ravine</li> <li>• Second ‘Big Picture’ staff briefing held in June 2014, accompanied by regular updates and news items in Intercom, Team Brief, Interlink and TV screens in frontline locations</li> </ul>   |
| 4.2 | <p>Members are asked to note that a number of key events in relation to schemes under the Capital Programme are being held over the next quarter (where already planned).</p> <ul style="list-style-type: none"> <li>• Event to highlight overall investment into pitches – 11 September 2014</li> <li>• Appointment of contractor for Phase 2 of Connswater Community Greenway and completion of Phase 1 works – September 2014</li> <li>• New play space at Olympia Leisure Centre (consultation event) – 17 September 2014</li> <li>• Girdwood Park Community Fun Day – 20 September 2014</li> <li>• Start of work at Belfast Waterfront Exhibition and Conference Centre – w/c 22 September 2014 (events being planned for residents, audiences and industry)</li> <li>• Girdwood Park Tea Dance – 9 October 2014</li> <li>• Start of work at Tropical Ravine – Autumn 2014</li> </ul>  |
| 5.0 | <p><b>Recommendations</b></p>   |
| 5.1 | <p>Members are asked to note the contents of this report and</p> <p><b>Movements</b></p> <ul style="list-style-type: none"> <li>- Council Accommodation - note that ‘Council Accommodation’ has been moved to ‘<i>Stage 3- Tier 1 – Schemes at Tender Preparation Stage</i>’ following the SP&amp;R Committee decision in June</li> </ul> <p><b>Proposed reconfiguration of ‘Stage 1 – Emerging Projects’</b></p> <ul style="list-style-type: none"> <li>- agree the proposal to <b>reconfigure</b> the ‘<b>Stage 1 –Emerging Projects</b>’ so that this <b>reflects ‘programmes’</b> where possible instead of individual and/or site specific projects – this is in keeping with other proposals which have been progressed at a programme level – for example the MUGA programme, Fleet Replacement Programme; Leisure Transformation Programme. <b>Members are asked to note that no individual projects have been dropped from the list. Members are also asked to note that in individual projects emerging out of these programmes will still be required to go through the Stage Approval process as previously agreed for all capital projects</b></li> </ul> <p><b>Project Updates</b></p> <ul style="list-style-type: none"> <li>- note that the <b>tender for one of the biggest projects under the Investment Programme</b> - the main <b>works for the Waterfront Conference and Exhibition facility has recently been awarded</b> with works due to commence in the late Autumn. <b>Tenders for two other major projects – Phase 2 of</b></li> </ul> |

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|   | <p><b>the CCG and the Innovation Centre</b> have been received and are currently being assessed.<br/> <b>Together these projects are worth nearly £60million.</b></p> <p><b><i>ERDF projects</i></b></p> <ul style="list-style-type: none"> <li>- note the update provided in relation to EU funded projects and the risk associated with these. It is proposed that a detailed paper on these projects and the potential implications for the Council is brought to Committee next month</li> </ul> <p><b><i>Fleet Replacement Programme</i></b></p> <ul style="list-style-type: none"> <li>- note that the Director of Finance &amp; Resources exercised his delegated authority during July to approve the purchase of 2 split bodied bin lorries for commercial waste recycling. These vehicles are being 100% capital funded by the DoE through the 'Rethink Waste' fund</li> </ul> <p><b><i>Pitches Strategy – Ormeau Park</i></b></p> <ul style="list-style-type: none"> <li>- note the update in relation to the proposed new pitch and pavilion at Ormeau and agree that construction of a stand-alone changing pavilion at Ormeau Park be deferred at this time so that further consideration can be given to this in the context of the Ozone. Members are asked to note that the construction of the 3G pitch will continue as planned</li> </ul> <p><b>Communication and Engagement – Capital Programme projects</b></p> <ul style="list-style-type: none"> <li>- note the communications and engagement activity which is planned over the coming months</li> </ul> |
| <b>5.0</b>  | <b>Decision Tracking</b>  |
| <p>The Director of Property and Projects and the Director of Finance and Resources will oversee the implementation of the recommendations within this report.</p>                     |   |
| <b>6.0</b>  | <b>Equality</b>   |
| <p>Individual projects are equality screened</p>  |   |
| <b>7.0</b>  | <b>Documents Attached</b>   |
| <p>Appendix A - Capital Programme – Photos of projects<br/> Appendix B –Proposed reconfiguration of the ‘;Stage 1 – Emerging Projects’<br/> Appendix C – IP Communications Update</p> |   |