

A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to the identity, financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Cabinet
Council

12th March 2024
19th March 2024

Name of Cabinet Member:

Cabinet Member for Housing and Communities – Councillor D Welsh

Director approving submission of the report:

Director of Regeneration and Economy

Ward(s) affected:

St. Michaels

Title:

City Centre Cultural Gateway Project Update

Is this a key decision?

No – although the proposals affect more than two electoral wards, the impact is not expected to be significant.

Executive summary:

This report is seeking approval for additional capital funding to cover an increase in cost for the main construction works to the former IKEA building which will be known as the City Centre Cultural Gateway (CCCG). The CCCG will be a landmark destination that will be home to a Collections Centre of national significance and will bring together multiple partners and investors across creative, cultural and technology sectors to engage local people.

The project will bring together a collaboration of key national and local partners: Arts Council England (ACE), British Council (BC), Culture Coventry Trust (CCT) and Coventry University.

Coventry University will be developing a new Cultural Hub that will offer a student gallery, café, library and exhibition space, dance studio, conference area, artists' studios, post-production filming facilities and a shop to sell students' artwork, with some of these facilities being accessible to the public.

It is also seeking future additional capital (under delegation once there has been a developed and approved business case for future tenancies), for the basic fitting out of Floors 1 and 2 to enable them to earn future rental income.

Recommendations:

Cabinet is recommended to request that Council:

- 1) Approve capital expenditure of a further sum in the amount set out in the private element of the Report to be financed from prudential borrowing to fund the construction and professional fees for delivery of the City Centre Cultural Gateway Project.
- 2) Delegate authority to the Director of Finance and Resources following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to approve capital expenditure of a further sum in the amount set out in the private element of the Report to be financed from prudential borrowing to fund the construction and professional fees to be utilised towards the delivery of further works to Floors 1 and 2 , only once there has been a developed and approved business case for future tenancies.
- 3) Note that the Agreement for Lease between Coventry City Council and Arts Council England, British Council and Culture Coventry in respect of the Collection Centre Development will include a mechanism that facilitates the ability for a request to be made to the City Council to deliver Partner Variations (including fit-out works) on their behalf with the cost being repaid to the City Council.
- 4) Delegate authority to the Director of Finance and Resources following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to undertake the necessary due diligence including approving any incidental and ancillary actions required to bring into legal effect the recommendation set out in Recommendation (3) above.

Council is recommended to:

- 1) Approve capital expenditure of a further sum in the amount set out in the private element of the Report to be financed from prudential borrowing to fund the construction and professional fees for delivery of the City Centre Cultural Gateway Project.
- 2) Delegate authority to the Director of Finance and Resources following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to approve capital expenditure of a further sum in the amount set out in the private element of the Report to be financed from prudential borrowing to fund the construction and professional fees to be utilised towards the delivery of further works to Floors 1 and 2, only once there has been a developed and approved business case for future tenancies.

- 3) Note that the Agreement for Lease between Coventry City Council and Arts Council England, British Council and Culture Coventry in respect of the Collection Centre Development will include a mechanism that facilitates the ability for a request to be made to the City Council to deliver Partner Variations (including fit-out works) on their behalf with the cost being repaid to the City Council.
- 4) Delegate authority to the Director of Finance and Resources following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to undertake the necessary due diligence including approving any incidental and ancillary actions required to bring into legal effect the recommendation set out in Recommendation (3) above.

List of Appendices included:

None

Background papers:

None

Other useful documents

City Centre Cultural Gateway Project - Cabinet Report dated 14th March 2023 and Council Report dated 21st March 2023

Property Acceptance and Acceptance of Grant – Cabinet Report dated 23rd February 2021 and Council Report dated 23rd February 2021

Has it or will it be considered by Scrutiny?

No

Has it or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 19th March 2024.

Report Title: City Centre Cultural Gateway Project Update

1. Context (or background)

- 1.1.** On 23rd February 2021, Council approved the acquisition of the former city centre IKEA building; associated capital expenditure in respect of design works; and to enter into Agreements for Lease with the three Collection Centre partners (Arts Council England, British Council and Culture Coventry Trust).
- 1.2.** On 21st March 2023, Council approved capital expenditure to be funded from prudential borrowing to fund the construction and professional fees for the City Centre Cultural Gateway Project, incorporating the above Collections Centre development.
- 1.3.** The net capital expenditure approved by Council in February 2021 and March 2023 for the acquisition and development of the City Centre Cultural Gateway (CCCG) was for a total sum as set out in the private element of the Report.
- 1.4.** The capital approval from Council of March 2023 was for the funding of three distinct phases of the CCCG:
 - I. The 'Collections Centre' phase being the conversion of the Ground, Third and Fourth Floors into a Collections Centre to house the nationally significant collections of Arts Council England (ACE) and the British Council (BC), alongside Coventry City Council's (CCC) own vehicle, social history, archaeology, and human history collections, which are managed by Culture Coventry Trust (CCT) – collectively 'the Partners'.
 - II. Coventry University's 'Cultural Hub' phase on the Fifth and Sixth Floors, creating a 'Hub' space to be used partly as learning and academic teaching space, but also as a public facing cultural offer including studio and gallery spaces.
 - III. A third phase to enclose the two remaining floors at First and Second Floor levels (currently open sided car park) for future use to be determined, on the basis that these enabling works should ideally be carried out during the course of the main construction contract and prior to the arts collections being transferred onto site.
- 1.5.** At the time of the March 2023 Cabinet Report, prior to there being any rental income modelled for the future use of Levels 1 and 2, there was an annual deficit of the sum in the amount set out in the private element of the Report in the proposed financing model after the setting-off of rental income from the respective tenants over an agreed financing term. However, the March 2023 Cabinet Report suggested that even a minimal rental of Floors 1 and 2 could yield a further annual sum in the amount set out in the private element of the Report.
- 1.6.** Currently, the economic conditions and volatility within the construction market have returned tender prices from a selected Contractor that take the overall project cost beyond the March 2023 Council approvals.

2. Options considered and recommended proposal

RIBA Stage 3 Cost Update

- 2.1.** The Royal Institute of British Architects (RIBA) Stage 3 costings of the project (early 2023) identified that the project cost had already begun to be impacted by changes to the market, with projections at that stage being that the project cost (based on a competitive single stage tender) had escalated to be over budget by a sum in the amount set out in the private element of the Report.
- 2.2.** At this stage, and prior to commencing the detailed designs of RIBA Stage 4, the Council paused development of the project, to renegotiate the Collaboration Agreement (an agreement with Partners as to the funding liabilities of any abortive professional fees in circumstances where any Partner exited the Project), on the basis that proceeding into RIBA Stage 4 with an already emerging gap in the capital funding for the Collections Centre element of the scheme (Project Viability Gap) would present excessive risk and exposure to the Council for these fees.
- 2.3.** The negotiations with Partners resulted in a variation to the Collaboration Agreement, whereby the exposure to existing and future professional fees would be shared ('Risk Sharing') across the Partnership in circumstances where any future Project Viability Gap in the Project could not be resolved.
- 2.4.** By the end of RIBA Stage 4 design process, the total exposure to professional fees amounted to sum in the amount set out in the private element of the Report, of which the Council's contribution would be a sum in the amount set out in the private element of the Report.

RIBA Stage 4 and Contractor Procurement

- 2.5.** The procurement of a Contractor was commissioned through the Crown Commercial Service (CCS) Framework, which included 14 leading Tier 1 Contractors.
- 2.6.** Initially, a total of eight Contractors expressed an interest in submitting tenders through a Single Stage tender process. Gradually, the impact of the economic climate and a buoyant construction industry meant that the interest from Contractors waned to the extent that only one single Contractor maintained an interest through the Expression of Interest stage – 'the Contractor'.
- 2.7.** In these circumstances, where it emerged there was interest from only one single Contractor, the Project Team considered a range of options such as pausing the project; or returning to the market (potentially through another Procurement Framework) to gauge alternative interest.
- 2.8.** Consideration of these options concluded that programme delays; associated holding costs during the standstill period; and the fact that the same Tier 1 Contractors subscribed to most Frameworks – could most likely lead to costly delays and in all

likelihood a similar level of response as that received through the CCS Framework. It was therefore decided (with Partners) that the Project Team should work with the Contractor through a 'Negotiated Single Stage' process, which is similar (but not exactly the same) as a Two Stage tender process.

- 2.9.** The Project Team and Partners recognised that there was an evident risk of cost and programme creep when negotiating with a single Contractor.
- 2.10.** Throughout the summer of 2023, there was extensive pre-tender engagement with the Contractor, and their tender was returned at the end of September 2023, following the grant of a four-week extension to the tender period.
- 2.11.** The Contractor tender submission for construction costs was received at a sum in the amount set out in the private element of the Report, which took the overall Project Costs to substantially more than the Council approval of a sum in the amount set out in the private element of the Report.
- 2.12.** At this stage, the Contractor Tender Validity Period extended through until the end of December 2023.

Post Tender Engagement with the Contractor

- 2.13.** Given the higher tender submission costs received, the Project Team and Partners again considered a range of options – from going back to market; adopting an alternative procurement route; or even abandoning the project under the Shared Risk agreement within the varied Collaboration Agreement.
- 2.14.** All Parties agreed for the Council's Project Team to work with the Contractor to reduce the tender sum through a combined process of tender validation; value engineering and project descoping.
- 2.15.** The initial tender validation immediately produced some savings in areas where there had been double counting or misunderstanding of the scope by the Contractor. There then ensued a series of value engineering / descoping workshops with the Contractor towards the end of 2023 to realise further savings of the tender sum.
- 2.16.** Throughout December 2023, it became apparent that the cost reduction exercise with the Contractor was not going to be complete by the end of their Tender Validity Period. Furthermore, the varied Collaboration Agreement with the Partners also stipulated that if the Project Viability Gap could not be satisfactorily resolved by the end of the Tender Validity Period, then the Project would automatically dissolve unless the Senior Officers of each of the Parties to the Partnership unanimously agreed to extend the Agreement.
- 2.17.** The Contractor agreed to extend the Tender Validity Period through until the end of February 2024, without any addition to the tendered cost of the Project. Accordingly,

the Senior Officers from the Partnership unanimously agreed to extend the Collaboration Agreement through until the end of March 2024.

Project Viability Gap approvals

- 2.18.** In order to meet the March 2024 deadline for the extended Collaboration Agreement, each of the Parties requires governance approval to meet their respective capital shares of the Project Viability Gap.
- 2.19.** The Project Viability Gap for the Collections Centre element is not impacted by the letting of the top two floors to Coventry University, where a commercial rental deal has already been agreed.
- 2.20.** The process of value engineering and negotiating savings with the Contractor remains ongoing at the point of writing the Cabinet Report. Currently, the Project Team have negotiated a level of savings that have already been agreed with the Contractor, some of which have involved value engineering to areas such as the proposed façade of the building, but none of which affect the fundamental building performance standards such as are required by the collections Partners or Coventry University.
- 2.21.** The savings to date have reduced the additional capital requirement to a sum in the amount set out in the private element of the Report, which therefore forms the basis of the Recommendations within this Report.
- 2.22.** In relation to the additional capital requirement, each of the Partners are currently seeking governance approval for their 'share' of this Project Viability Gap, either through a capital contribution or through increased rentalisation over the agreed lease terms. Such approval from the partners is required before the Council will enter into the Agreements for Lease and construction contract.

Partner Variations

- 2.23.** In addition to the Project Viability Gap, there are capital costs that relate to Partner Variations, these being costs for additional works that the Partners have requested throughout the design phases, for which the Partners will be recharged directly.
- 2.24.** Furthermore, there are likely to be further Partner Variation requests from the Partners throughout the course of the construction contract, wherein they will likely request that the Contractor be commissioned to undertake their 'fit out' works. There is also the possibility that one or more Partners could request for these additional Partner Variations to be rentalised over their lease terms.
- 2.25.** The Recommendations to Council include for delegated authority to be granted the Council's Director of Finance and Resources, in consultation with the Cabinet Member for Housing and Communities and Cabinet Member for Strategic Finance, to decide

upon whether Partner Variations are to be rentalised, on the basis that decisions would need to be made swiftly to avoid additional costs associated with programme delays.

Additional Factors for Consideration

- 2.26.** Currently, the model allows for the enclosure of Floors 1 and 2 at a cost of a sum in the amount set out in the private element of the Report (an increase from RIBA Stage 3 of a sum in the amount set out in the private element of the Report) without any income being modelled, as yet, against future use. The March 2023 Cabinet Report indicated that the future letting of these floors could yield a sum in the amount set out in the private element of the Report.
- 2.27.** It is proposed that an additional investment of a sum in the amount set out in the private element of the Report should be delegated as detailed in the Recommendations (and subject to the delegated Officer approval of a developed business case in respect of assured future tenancies,) to allow for future works to Floors 1 and 2, through the distribution across these floors of essential services such as lighting and sprinkler systems. This investment, at even a minimal return of a sum in the amount set out in the private element of the Report, could yield more immediate returns.
- 2.28.** Modelling has also now been undertaken to assess additional income that could be drawn from the vacant external parking decks, for example through 'Permit Only' car parking aligned to the future development of City Centre South.

Option 1 – (Recommended Option) Approve the Additional Capital along with Future Capital Investment into Floors 1 and 2

- 2.29.** The additional outlay required to meet the additional capital requirement is a sum in the amount set out in the private element of the Report.
- 2.30.** The ACE / BC share of this additional capital requirement will be recovered through increasing their respective lease rental sums payable over the agreed term, for which they are currently seeking their respective governance approvals.
- 2.31.** This Option presents an annual revenue pressure to the Council of a sum in the amount set out in the private element of the Report (prior to any income from Floors 1 and 2; and from the external car parking decks). This is the same revenue position reported in March 2023.
- 2.32.** The modelled income from future occupancy of Floors 1 and 2 at a sum in the amount set out in the private element of the Report (subsequent to a delegated approval for additional investment of a sum in the amount set out in the private element of the Report in the distribution of essential services across these floors) could neutralise this revenue pressure, dependant on the cost of financing and the level of occupancy.

2.33. The longer-term occupancy of Floors 1 and 2 continues to be explored through various enquiries and models, drawn mainly from within the cultural and creative sectors, including further collections management interest and/or the potential relocation of the Coventry Transport Museum.

2.34. The modelling of future 'Permit Only' car parking on the external car parking decks would likely improve each of these scenarios by a further sum in the amount set out in the private element of the Report.

Option 2 – Not Approve the Additional Capital and / or Future Capital Investment into Floors 1 and 2 (Not Recommended)

2.35. This Option would result in the termination of the Project on the basis that the Project Viability Gap could not be resolved with Partners, with each of the Parties to the Collaboration Agreement being responsible for meeting the shared costs of the abortive professional fees.

2.36. Coventry City Council's share of the abortive professional fees would be a sum in the amount set out in the private element of the Report.

2.37. In this Option, the Council would need to consider alternative uses for the site.

2.38. Coventry City Council could also consider the disposal of the asset, which could result in a share of the disposal proceeds being due to Arts Council England in the respect of grant previously received towards the acquisition of the property.

2.39. This Option would present considerable risk to the Council, both reputationally and in the dismantling of the collections partnerships with Arts Council England and the British Council. It would also result in the loss of the newly developed 'Cultural Hub' being planned by Coventry University.

Option 3 – Approve the Additional Capital, without Future Capital Investment into Floors 1 and 2 (Not Recommended)

2.40. This Option would approve the necessary additional capital required to deliver the Project but would essentially leave all future works to Floors 1 and 2 until such a stage as a long term, permanent letting was secured.

2.41. This Option would essentially rule out any immediate uses and associated rentals to be drawn from of Levels 1 and 2.

2.42. This Option would essentially be delaying works that would eventually be required for future occupancies (i.e. distribution of essential services such as sprinkler systems) but would be substantially reducing / eliminating the potential for some investment recovery in the short term.

2.43. This Option would not adversely affect the currently modelled revenue position, which would remain as an annual revenue pressure to the Council of a sum in the amount set out in the private element of the Report. Furthermore, if income generated from the 'Permit Only' car parking was to be accounted for (as it is a separate proposition), this would reduce the deficit of revenue funding in the model to a sum in the amount set out in the private element of the Report.

3. Results of consultation undertaken

3.1. In 2017, Coventry City Council approved a 10-year Cultural Strategy (2017-2027), which was informed by structured primary research eliciting over 2,000 responses; involving over 12 hours of Cultural Strategy workshops; 20 hours of workshops linked to the city's bid for UK City of Culture; in-depth audience analysis; an audit of the existing cultural and heritage resources in the city; a tourism profiling study; and desk top research analysis.

3.2. The Coventry Cultural Strategy 2017-2027 identifies 'Seven Big Ideas' to bring life and substance to the Strategy's principles and goals. The fifth of these 'Big Ideas' is 'The Nation in Coventry', which recognises that:

"Coventry is well positioned as a showcase for the nation – with 40 million people within two hours travel time. The city will work to develop a plan to make Coventry a city of choice for national collections, events and productions".

3.3. A subsequent 'Cultural Capital Prioritisation Strategy' report in 2018 referenced the opportunity to improve the quality and accessibility of museum storage facilities in the city, noting the potential to relocate other local and national collections into aligned or stand-alone facilities.

3.4. Through Feasibility, Acquisition and Assurance stages of the project work, consultation on proposed shared Collections Centre facilities and the suitability of the former IKEA site for this purpose, has been undertaken with lead officers (and their architects and professional team advisors, where appointed) of Arts Council England, the British Council and Culture Coventry Trust.

3.5. A Public Exhibition Event was held on site on 21st and 22nd February 2023 as part of the Planning Consultation for the Project. The event on 21st February 2023, was an invitation-only event for those residents who live immediately adjacent to the site, whilst the event on 22nd February 2023 was a wider public exhibition, which was publicised via the Let's Talk Coventry website, social media, local press and leaflet drop. The exhibition material was also available online. Planning consent was subsequently granted on 16th May 2023.

3.6. The City Centre Cultural Gateway project is of significant relevance and interest in wider engagement and consultation around cultural provision in the city, including the current Cultural Strategy Refresh following on from the recent Future Works event held on 18th January 2024. On entering into Agreements for Lease with Partners and the Construction Contract with the contractor, more specific engagement and consultation is planned around the CCCG and its connections with the current local cultural

ecosystem, partnerships, and infrastructure; economic development; and city centre regeneration.

4. Timetable for implementing this decision

4.1. Subject to Cabinet and Council approval, it is anticipated that the programme for the City Centre Cultural Gateway will be as follows:

- AFLs / Approvals Completes – End of March 2024
- Mobilisation on Site – April 2024 to mid-May 2024
- Construction starts – June 2024
- Construction completes – August 2025

5. Comments from the Director of Finance and Resources and the Director of Law and Governance

5.1. Financial Implications

5.1.1 Previously Modelled Position

In March 2023, it was assumed that the project would have a total net capital cost of a sum in the amount set out in the private element of the Report, which would be financed at a rate and over a term as set out in the private element of the Report. This included the proposed Phase 3 works (infill and future proofing of Floors 1 and 2). The impact of this was a net revenue cost to the Council of a sum in the amount set out in the private element of the Report. At this stage, no income was assumed or modelled for Floors 1 and 2.

5.1.2 Increased Tender Price

The RIBA Stage 4 Cost Report forecast that the contract value for the construction element of the contract would be a sum in the amount set out in the private element of the Report. However, when the tender price from the Contractor was received, it was above this Stage 4 projection by a sum in the amount set out in the private element of the Report. Since October 2023, the Project Team has been negotiating with the Contractor to reduce this increase by a sum in the amount set out in the private element of the Report.

These reductions have been drawn from a combination of tender validation; value engineering; and scope reduction.

However, the overall impact on the capital model for the project has been limited to a sum in the amount set out in the private element of the Report. As the Partners are required contribute towards the increased construction costs, via an increase in their rental sum, this has the impact of reducing the revenue gap back to a sum in the amount set out in the private element of the Report.

5.1.3 Financing Costs Assumptions

Since the previous modelling in March 2023, there has been an increase in interest rates. A recent reduction means that borrowing rates are currently around a value in the amount set out in the private element of the Report.

Therefore, the assumptions for the City Centre Cultural Gateway continue to be modelled at a value in the amount set out in the private element of the Report, representing a combination of both the longer and shorter term projections as a blended rate, which over the agreed lease terms remains prudent. While there remains a risk that external factors could increase (or decrease) borrowing costs further, impacting upon the modelling assumptions within the project, the Council is confident that borrowing can be managed at this level.

5.1.4 Additional Spend on Floors 1 and 2 and Associated Rental Income

The current assumptions are that there would be no income for Floors 1 and 2, although the existing scheme, as approved in March 2023, includes a sum in the amount set out in the private element of the Report of capital expenditure for the infill works, required to secure these Floors for future use by providing a shell and core conversion.

In order for the floors to be more immediately available for development in respect of future letting interest a further sum in the amount set out in the private element of the Report of works are considered to be required, but only upon delegated Officer approval of a developed business case in respect of these future lettings.

On the basis that Floors 1 and 2 could be let at a sum in the amount set out in the private element of the Report, this could generate additional income of up to a sum in the amount set out in the private element of the Report. There is also space on the exterior decks of those floors, whereby circa 250 parking spaces could be available for potential 'Permit Only' car parking. A gradual take-up of these parking spaces could generate a net annual income of a sum in the amount set out in the private element of the Report.

It is therefore anticipated that the potential income from Floors 1 and 2 would fund the remaining shortfall.

5.2 Legal Implications

5.2.1 Section 1 of the Local Government Act 2003 gives the Council the power to borrow money for any purpose relevant to its functioning under any enactment or for the purposes of the prudent management of its financial affairs.

6. Other implications

6.1 How will this contribute to the One Coventry Plan?

6.1.1 The delivery of the proposal outlined in this report will help deliver a range of economic development and cultural legacy objectives that will help to realise the Council's strategic ambitions for a more vibrant and economically prosperous city.

6.1.2 The delivery of the City Centre Cultural Gateway project will directly contribute to Coventry Cultural Strategy objectives for capital; Partnership; Life-Long Learning and Economic Growth.

6.1.3 The recommended proposal will further contribute to the Council's core aims of:

- **Making the most of our assets and developing the city centre** – through repurposing of a vacant city centre building as a new cultural asset for the city; increasing access to local and national arts, cultural and heritage collections; attracting inward investment; creating new jobs; and attracting two national partners to locate key cultural services to the city for the long-term period of their leases. Initial, high-level economic modelling estimates that delivery of the City Centre Cultural Gateway project has the potential to support temporary construction jobs; jobs in arts, culture, tourism and hospitality related sectors; and generate circa £185m in Gross Value Added (GVA) for Coventry and the West Midlands over a 10-year period.
- **Improving educational outcomes** – the proposal offers the potential to develop new learning, education and training opportunities aligned to the City Centre Cultural Gateway Project and associated activities. Coventry has a strong cultural educational offer within the city, provided not only by schools and education services but also through both universities, colleges and arts businesses. The City Centre Cultural Gateway project will present the opportunity to widen access to key local and national collections and develop a centre of excellence in collections care, curation, management and associated disciplines. With the inclusion of Coventry University's Cultural Hub, there will be strong learning links to the national partners in the Collection Centre, which will also serve to strengthen the educational provision.
- **Raising the profile of Coventry through promoting Coventry as a visitor destination and centre for arts and culture** – Goal 5 (Economic Growth) of the Coventry Cultural Strategy identifies Coventry as a culturally vibrant, attractive and prosperous city and sets the ambition that as a cultural city, we work to enrich the lives and environment for all residents. The Strategy aims to address the need of the city to improve the way it promotes itself as a major tourist destination for the West Midlands, and as a result through a better articulated tourism offer, successfully attract more visitors, increase spend and secure and sustain new businesses and investment. The proposed project provides Coventry with a lasting physical and economic legacy from UK City of Culture 2021 and provides the opportunity to promote the city as a national centre of excellence for collections management, with an aligned exhibition programme and Cultural Hub offering the potential to promote the city to cultural audiences and academics.

6.2 How is risk being managed?

- 6.2.1 The project is part of the Cultural Capital Investment Programme. The Programme comprised 15 cultural capital projects and is now managing two legacy projects and managing funds of a sum in the amount set out in the private element of the Report. The programme reports both to the Council's Capital Programme Board and the City Centre Cultural Gateway Board chaired by the Director of Finance and Resources. The Programme operates under an Assurance Framework which was developed in conjunction with the City Council's legal team and sets out how the programme will operate, manage and monitor projects.
- 6.2.2 The project has a comprehensive risk register that covers the whole scheme, which is regularly reviewed by the Project Team and key risks reported to the City Centre Cultural Gateway Board.
- 6.2.3 The risk of exposure to the Council as a result of the Project Viability Gap for the Collections Centre phase not being resolved, has been mitigated through a variation to the Collaboration Agreement with the Partners, who are now involved in sharing the risk of any abortive design fees resulting from this Phase of the project becoming unaffordable / undeliverable.
- 6.2.4 The risk of design fees expended on the development of the Coventry University Phase prior to entering into Agreement for Lease, has been mitigated through a Letter of Indemnity from Coventry University to cover the full extent of RIBA Stage 3 and RIBA Stage 4 fees.
- 6.2.5 In relation to the current tendered sum, the Project Team is endeavouring to mitigate cost risk through a very detailed analysis of the City Council's risks through a quantified analysis based on 'likelihood' and by adding these cost-based risks to the general level of construction contingency held within the Project costs.

6.3 What is the impact on the organisation?

- 6.3.1 The impact to the organisation will be primarily on officers within Finance, Regeneration and Economy, Property Services and Development and Legal Services Divisions, who will be responsible for undertaking the work to conclude the negotiations to enter into the Agreements for Leases and Leases as well as running a significant project ensuring it meets its main objectives and full potential.

6.4 6.4 Equalities / EIA?

6.4.1 Section 149 of the Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to: eliminate discrimination, harassment, victimisation and other form of conduct prohibited under the Act; and, to advance equality of opportunity and to foster good relations between persons who share a relevant protected characteristic (age, disability, gender re-assignment, pregnancy and maternity, race, religion and belief, sex, and sexual orientation) and persons who do not share it.

6.4.2 Having regard to the need to advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- take steps to meet the needs of the persons who share that characteristic that are different from the needs of persons who do not share it; and,
- encourage persons of the relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

6.4.3 The Equality Duty has been considered and it is felt that an Equalities Impact Analysis is not required as the proposal's concerns are for commercial reasons and no Council service or group will be impacted.

6.5 Implications for (or impact on) climate change and the environment?

6.5.1 The professional design team for the project include the specific appointment of a sustainability consultant – Eight Associates – who were commissioned to produce a sustainability statement.

6.5.2 The sustainability statement demonstrated the development's holistic approach to sustainable design and construction. It summaries the contribution that the design will make to creating a more sustainable development, drawing on information provided by specialist consultants and design reports and identifying key features intrinsic to achieving low carbon development.

6.5.3 The design team has significant experience in delivering schemes that are considered highly sustainable, either through application of formal green building rating systems, such as BREEAM and Home Quality Mark, as well as applying benchmarks from standards such as Passivhaus Design and adopting precedents from industry exemplary sustainable developments.

6.5.4 The scheme will adopt the following sustainable features:

- Energy strategy
- Implement a site waste management plan and stringent resource efficiency benchmarks

- Follow best practice policies in terms of air, water and ground pollution and appoint a contractor who will register for the Considerate Constructors Scheme
- Achieve a 25% improvement in water consumption (litres/person/day) compared to BREEAM's notional baseline performance
- Utilise sustainable transport, including access to public transport and inclusion of cycle storage facilities
- Minimise embodied carbon through efficient design, procurement of materials from a local source, or with a high-recycled content
- Be of high build quality, surpassing the minimum Building Regulations
- Ensure all materials are responsibly sourced and of low environmental impact where feasible
- Consider health and wellbeing through design and operational procedures, including optimum indoor air quality and thermal comfort
- Protect the existing ecological value of the site

6.6 Implications for partner organisations?

6.6.1 The delivery of the proposal outlined in this Report will secure benefits for each of the Collections Centre partners as follows:

Arts Council England – ACE has reached capacity across its two current collections stores. The proposed New Collections Centre offers ACE the opportunity to combine the functions of its two existing stores, whilst increasing capacity and efficiency through a single, long-term solution. The partnership, city centre Collections Centre model provides further opportunities to grow audiences and expand public access to the Arts Council Collection, with dedicated shared spaces where school pupils, community groups, researchers and professionals can access and experience the Collection. The proposal also provides the opportunity for ACE to directly respond to several of the recommendations from The Mendoza Review (2017), particularly in relation to dynamic collection curation and management; establishing a strategic approach to sharing skills and infrastructure; and contributing to placemaking and local priorities.

British Council – the British Council has also been seeking a long-term solution to its collection requirements. The Collection Centre provides clear benefits to the British Council through: providing ample space for the current Collection with the capability of accommodating future growth; providing a centrally located facility with good transport links (for logistics and improving access for British Council staff, stakeholders, students and professional visitors); allowing for greater collaboration and facility sharing with the Arts Council Collection and city's collections; creating a significant legacy opportunity for the national partners with Coventry UK City of Culture 2021.

Culture Coventry Trust – the proposed new Collections Centre facilitates the securing of Coventry's collections, managed by Culture Coventry Trust, into a more bespoke and suitable collections environment, with enhanced public access to the parts of the city's vehicle and human history collections that are not currently on display within current museum exhibitions at the Herbert Art Gallery and Museum; and Coventry Transport

Museum. The partnership with two national collections partners further provides an opportunity to significantly enhance and re-imagine the positioning of the Herbert Art Gallery and Museum – through the creation of an enhanced exhibition programme that will enable it to reach wider and more diverse audiences.

Coventry University – the involvement of Coventry University in the creation of an aligned Cultural Hub co-located with the Collections Centre provides a unique opportunity to create an international centre of excellence in collections care and management, providing direct managed access to teaching, collections and high-quality facilities for professionals, academics, students and researchers.

6.6.2 Each of the Collections Centre Partner organisations are required to contribute to the increase in their Project Viability Gap capital requirements. There is no such impact upon Coventry University as a tenant, as a commercial rental has already been agreed with the University prior to the tender returns.

6.6.3 Delays to the project programme already means that existing leases elsewhere have had to be extended, resulting in interim costs being incurred by the Collections Partners.

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