

## **Cabinet – 24 July 2013**

### **Walsall Business and Sports Hub**

**Portfolio:** Councillor Adrian Andrew  
Deputy Leader  
Regeneration and Transport

**Related portfolios:** Councillor Chris Towe  
Finance and Personnel

**Service:** Regeneration: Development and Delivery

**Wards:** Blakenall

**Key decision:** Yes

**Forward plan:** No

#### **1. Summary**

- 1.1 The Walsall College-led Business and Sports Hub (the Hub) involves a development in the centre of Walsall, adjacent to the College's Wisemore campus, which combines high quality business incubation space with space for sport activities and sports science. The College is now actively seeking to secure this site to deliver the project, which will represent another significant investment in the regeneration of the town centre and Gigaport in particular. The identified site is in the ownership of the Council, and is situated within the Gigaport masterplan area between the College and the railway line (formerly occupied by the now demolished Lime House).
- 1.2 Cabinet, at its meeting on 4<sup>th</sup> April 2012, resolved to grant the College an option to acquire the site subject to the receipt, in advance, of a comprehensive business plan from the College in respect of the Hub concept. The duration of the option period was to allow the College to develop the project and secure appropriate approvals and funding. The College has made a successful initial submission to the Skills Funding Agency (SFA), resulting in an 'in-principle approval'. The College will need to submit a full application to the SFA by September 2013 in order to secure the necessary funding required to deliver the Hub subject to College Board and Cabinet approval. The full bid will be strengthened by the ability of the College to demonstrate that it has a degree of control over the land, secured in a way that enhances the viability of the project, subject to Cabinet approval. The level of control for the 'in-principle approval' was secured by the decision of Cabinet on 24<sup>th</sup> April 2013, which resolved to dispose of the site to the College at less than best consideration, subject to a number of key requirements including, the project providing economic benefits and community access, and on terms to be agreed.

- 1.3 However, since Cabinet met in April 2013, the College has reviewed its business case and spatial requirements. The main purpose of this report is to seek Cabinet approval for the disposal of all of the available Council owned land adjoining the College at market value, in order to deliver the Business and Sports Hub and other future college facilities. Members are asked to refer to the private session report for confidential information on the proposed land sale. The report also advises Cabinet that the project will provide economic and community benefits to the Borough, as required in the Cabinet resolution of 24th April 2013.

## **2. Recommendations**

Having considered the confidential information in the private session report that:

- 2.1 Cabinet approves the disposal of the land on Littleton Street West, edged bold on the attached plan (reference **EPMS 3588/1**), to Walsall College for the development of a Business and Sports Hub and related accommodation at market value.
- 2.2 The detailed terms of the land disposal will be delegated to the Executive Director Regeneration, in consultation the Portfolio Holder Regeneration and Transport, noting that the transaction will proceed on the basis of a conditional contract which shall become unconditional at the point that the College has planning consent for the development and SFA funding approval, lets the construction contract and commits to the long term use of the site as a Business and Sports Hub.

## **3. Report detail**

### **3.1 Developments since previous Cabinet decision**

The main purpose of this report is to seek Cabinet approval for the disposal of all of the available Council owned land adjoining the College at market value, in order to deliver the Business and Sports Hub and other future college facilities. At this stage the hub project requires the majority of the site but the college has requested to purchase the whole site pending future decisions on the use of the balance. This land is situated to the rear of the overall site and could not easily be developed separately. The outcome of discussions between the Council and the College concerning their business case have concluded that the College is in the position to acquire the Council's interests at market value. That value exceeds the threshold above which a Cabinet decision is required. Members are asked to refer to the private session report for confidential information on the proposed land sale. The report also advises Cabinet that the project will provide economic and community benefits to the Borough, as required in the Cabinet resolution of 24th April 2013. That these economic and community requirements will be met will strengthen the College's bid to the SFA, but the specific issue of community access to the facilities will require further discussions as part of the terms of the land disposal. The College are also exploring other potential sources of project funding.

3.2 The following terms were also specified in the April 2013 Cabinet report, but cannot be satisfied at this stage:

- The College securing planning consent for the Walsall Business and Sports Hub concept
- The College's bid for funding to the SFA for the Walsall Business and Sports Hub being successful

These requirements will need to be satisfied by the Local Planning Authority and the SFA respectively, and should remain as conditions in the land disposal agreement. The decision of the SFA on the College's bid for funding will not be known until later in the year, with a planning application expected to follow thereafter. It should be noted that the College has commissioned architects to prepare a detailed scheme, and initial pre-application discussions have already commenced between the College and Development Management as a precursor to submitting a planning application.

### 3.3 Support to Walsall's economy

The College's Business and Sports Hub Economic Impact Report (EI Report), prepared on their behalf by Mott MacDonald with input from Colliers, provides sufficient evidence to the Council to demonstrate that the Hub will be an effective mechanism to support Walsall's economy. The Report states that the clearest impacts will be the direct employment in new enterprises supported through the Business Hub. Even as some businesses close over time, the economic impact of the Hub should increase as new businesses are created each year and other businesses continue to mature and potentially take on more employees. A further major impact is the additional employment and productivity generated through the apprenticeship programme, discussed in more detail below.

3.4 The analysis in the EI Report uses 2033/34 as the end date for assessment because it mirrors the time horizon used by the SFA when assessing potential projects. Economic benefits will be created immediately following the delivery of the project and cumulatively achieved over this timescale. The life of the Hub is expected to extend beyond this stated period thereby delivering a greater quantum of benefit than is captured within the EI Report.

3.5 The EI Report states that the construction phase has an estimated duration of one year and will temporarily create 120 jobs, 25% of which are estimated to be for local people.

3.6 The EI Report explains that, each year, the Hub is expected to support a number of apprentices:

- Gross apprentices - the total number of apprenticeships expected to be trained in the Hub - 180 per year.
- Net apprentices - the estimated number of apprenticeships that would not have been undertaken without the Hub. Some apprentices would have been trained elsewhere; others may have been trained in existing Walsall College facilities. Net additional apprentices graduating from the Hub is projected at 60 per year.

- 3.7 The EI Report also explains that, while working, apprentices will develop employable skills and usually qualify for a Level 3 NVQ. This qualification increases the employability of apprentices and the effect shows up both in increased average wages and increased employment rates. The Report projects the net additional number of apprentices trained in the Hub that enter the economy to be:
- 60 additional apprentices trained each year; and
  - 1,080 additional apprentices trained up to 2033/34.
- 3.8 According to Office of National Statistics data, the average wage commanded by those with a Level 3 qualification is 15% higher than employees with Level 2 as their highest qualification. Over the course of a working year this works out at £2,310 additional salary. Data from the Annual Population Survey 2011 suggests employment rates in England for citizens with Level 3 qualifications are 10.2% higher for those aged 16-18; 11.2% for ages 19-24; and 7.5% higher for those aged 25-49.
- 3.9 The EI Report estimates the additional wages for apprentices from an increased employment rate and attainment of a Level 3 qualification. The additional wages have then been converted to a GVA estimate that is then discounted and presented in 2013 prices. From the analysis, it is estimated that the apprenticeship programme will lead to:
- 108 FTE jobs in the local economy by 2033/34, as a result of the greater ability of apprentices to secure employment;
  - by the end-date for the analysis (2033/34), an additional £7m per annum of GVA in Walsall as a result (a) of extra employment and (b) of greater productivity by apprentices compared with those lacking Level 3 qualifications; and
  - a cumulative GVA increase in all years to 2033/34 of £31m, discounted at 6% and expressed as a present value.
- 3.10 In summary, the main quantifiable economic benefits arising from the Hub's construction and operation, as stated in the EI Report, are listed below:
- New businesses supported by the Business Hub are expected to ascend annually to a creation of 466 jobs in the economy in 2033/34.
  - The cumulative Gross Value Added, appropriately discounted from this new employment is estimated to create £61m by 2033/34, and to have reached a continuing rate of £24m per annum in that year.
  - Furthermore, an estimated 3,240 apprentices will have been trained in the Hub, of which approximately 2,500 will be in employment in 2033/34.
  - Of these apprentices, an estimated 108 would not have been trained and employed without the Hub and a cumulative £31m GVA (£7m per annum by 2033/34) to the economy would not have materialised.
  - Together, direct employment and additional apprentices are expected to have cumulatively contributed £92m in GVA by 2033/34 (£24m per annum by that year).
- 3.11 The Walsall Local Economic Assessment (LEA) explained the need to create and sustain new businesses as key to the development of a sustainable Walsall economy with one of the key factors currently hindering success being the high level of new business failures within the first five years of their life. The Hub

approach proposed will help to nurture new business start-ups, and the provision of business incubation and grow-on space will help to mitigate and therefore improve business failure rates.

3.12 The number of businesses that the Hub is predicted to support is modelled in the EI Report, assuming a three-year scale-up period after which twenty businesses per year are expected to be created in the Hub, as follows:

- In year one 30% of target start-ups is projected with six businesses supported.
- In year two 60% of target start-ups is expected with twelve businesses supported.
- In year three and each year thereafter twenty business start-ups per annum are expected to be supported.

3.13 The EI Report explains that, as the enterprises develop and grow, they will create opportunities to employ people. On average, more mature businesses are expected to be able to employ more workers than start-ups meaning the employees per surviving business increases gradually over time.

3.14 Community use of sports facilities

The College has indicated that it is willing to adopt a flexible approach towards ensuring an acceptable element of wider community use of the sports facilities, subject to the approach being financially viable in terms of the revenue that the College need to generate as part of the project. The College will work closely with the Council to ensure that their approach is acceptable and inclusive. This should ensure that the sports facility is available for public use outside of normal College hours (before 9am and after 5pm), at weekends and during College holiday periods, and that a provision for “pay and play” usage is available to the public, thus avoiding block bookings of particular sports. These requirements will be included in the terms of the land disposal.

## **4. Council priorities**

4.1 As expressed in the Corporate Plan 2011/12 – 2014/15, part of the Council’s shared vision for the Borough is that Walsall will be a great place to live, work and invest, where “there are more and better jobs for local people” and where “there are a wide range of facilities for people to use and enjoy”. Furthermore, one of the three priorities for the Council is the economy, and if Cabinet approves this step towards the delivery of the Hub, it will help to deliver the shared vision for the Borough and underpin the Council’s economic priority.

4.2 Furthermore, the development of the Hub would be in line with some of the objectives as set out in the Marmot Review. In creating job opportunities and further investment in the town centre, the development will help to “create fair employment and good work for all” and “ensure a healthy standard of living for all”.

## **5. Risk management**

- 5.1 It is acknowledged that the project contains elements of risk, despite the receipt of an Economic Impact Report which demonstrates to the Council the benefits of the Hub concept.
- 5.2 The delivery of the Hub project will also be dependent upon the College raising funds both from its own resources and from external sources such as the SFA at a time of public sector financial constraint, as well as steering the concept through the planning process, as noted under paragraph 3.2. If the College fails to obtain the necessary funding or does not secure planning consent, the land will remain in the ownership of Walsall Council.
- 5.3 There is a risk of the College not obtaining planning consent. This risk can be minimised by the College engaging with the Local Planning Authority at the earliest opportunity and continuing to seek pre-application advice. This process is ongoing.
- 5.4 There is a further risk that if the Council agrees to transfer the land to the College progress in delivering the project for a period of time, this will prohibit the Council from otherwise promoting the development of the land, and removes the possibility of the site being developed. This risk will be addressed through Recommendation 2.2, which states that the transaction will proceed on the basis of a conditional contract which shall become unconditional at the point the College lets the construction contract. There is also a risk that the College may seek to use the premises for alternative uses if the currently anticipated uses prove unsuccessful. Again Recommendation 2.2 seeks to minimise this occurrence by seeking a long-term commitment from the College that the site will be used as a Business and sports Hub. These matters will be addressed in the terms of the land disposal contract, proposed to be delegated to the Executive Director Regeneration, in consultation with the Portfolio Holder Regeneration and Transport.

## **6. Financial implications**

- 6.1 There will be financial implications for the Council in disposing of its land to the College. The disposal of the land will result in a capital receipt to the Council. Members are asked to refer to the private session agenda for confidential information on this item. The College will also be required to pay business rate on the hub.

## **7. Legal implications**

- 7.1 The ability of the Council to deal directly with the College for the disposal of this site has been addressed in previous reports. This approach was on the basis of the Council dealing directly with the College using the General Consent powers for the disposal of the land at less than best consideration. Now that the situation has changed, and the College can pay market value, the Council needs to ensure that it is obtaining best consideration in accordance with section 123 of the Local Government Act 1972. The Council has therefore obtained an

independent valuation to ensure best consideration is achieved. Should Cabinet approve the recommendations set out above then there will be a requirement for Legal Services to be involved in the drafting of the agreements, and ultimately the disposal of the land. The detail of the land disposal agreement will need careful consideration to ensure that the Council's expectations are met around community use of the facilities.

- 7.2 As the College is a public body, the State Aid regulations do not apply to the Council's dealings with them. In addition, where a development can be clearly demonstrated as not being developed at the direction of the Council, i.e. this is not a Council requirement or initiative, the European Public Contract Regulations would not apply.

## **8. Property implications**

- 8.1 If this report is approved, the Council would dispose of the land at market value. Members are asked to refer to the private session for confidential information on the proposed land transfer. There will be ongoing property considerations which will require the input of Property Services for the drafting of the documentation for the disposal of the site.

## **9. Health and Wellbeing implications**

- 9.1 The Council and its partners want to improve the health and well-being of Walsall citizens. To help improve activity levels and therefore contribute to residents' health and well-being (both physical and mental) and the public health agenda, it will be important to include a clause in the land disposal contract that clarifies the College's intentions for community use of the sports facilities. It will be important to protect the concept of casual "pay and play" so that block bookings by organised groups do not exclude general recreational and leisure use of the sports facilities.
- 9.2 The College has indicated that it is willing to adopt a flexible approach toward ensuring an acceptable element of wider community use to the citizens of Walsall in the sports facilities, subject to the approach being financially viable in terms of the revenue that the College need to generate as part of the project. The College will work closely with the Council to ensure that its approach is acceptable and inclusive.

## **10. Staffing implications**

- 10.1 Staff in Development and Delivery, Property Services and Leisure Services have been involved in this project thus far, and further input will be required from these Council service areas, as well as Legal Services.

## 11. Equality implications

- 11.1 It is considered that the citizens of the Borough will welcome and benefit from the delivery of the Hub project. The project will improve the environment of the town centre, bringing into use what is currently a vacant site and delivering another development close to the new Tesco, Walsall College and the headquarters for whg.
- 11.2 The delivery of the project, particularly in the construction and retail sectors, could provide employment and business opportunities for Walsall's citizens. Where possible, the aspirations of the Think Walsall initiative will be pursued to ensure this happens. The Hub development will evolve to ensure accessibility for all.
- 11.3 The Council will want to ensure that the College meets its current stated intention to make its proposed sports facilities available to the community outside of weekday day-time hours. This will need to form a part of the agreement that "pay and play" use by the public is protected and that block booking by 5-a-side football for example does not exclude casual public use.
- 11.4 An Equality Impact Assessment has been previously carried out on the implications of this Cabinet report. This assessment concluded that there will not be any negative implications for the characteristics protected by the Equality Act 2010.

## 12. Consultation

- 12.1 Neighbours and the wider community will be involved through the statutory planning process and other aspects of this project.

### Background papers

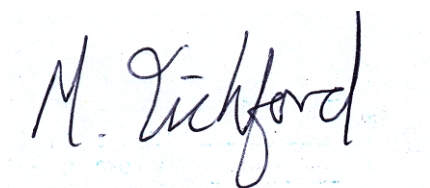
Report to Cabinet, 24 April 2013.

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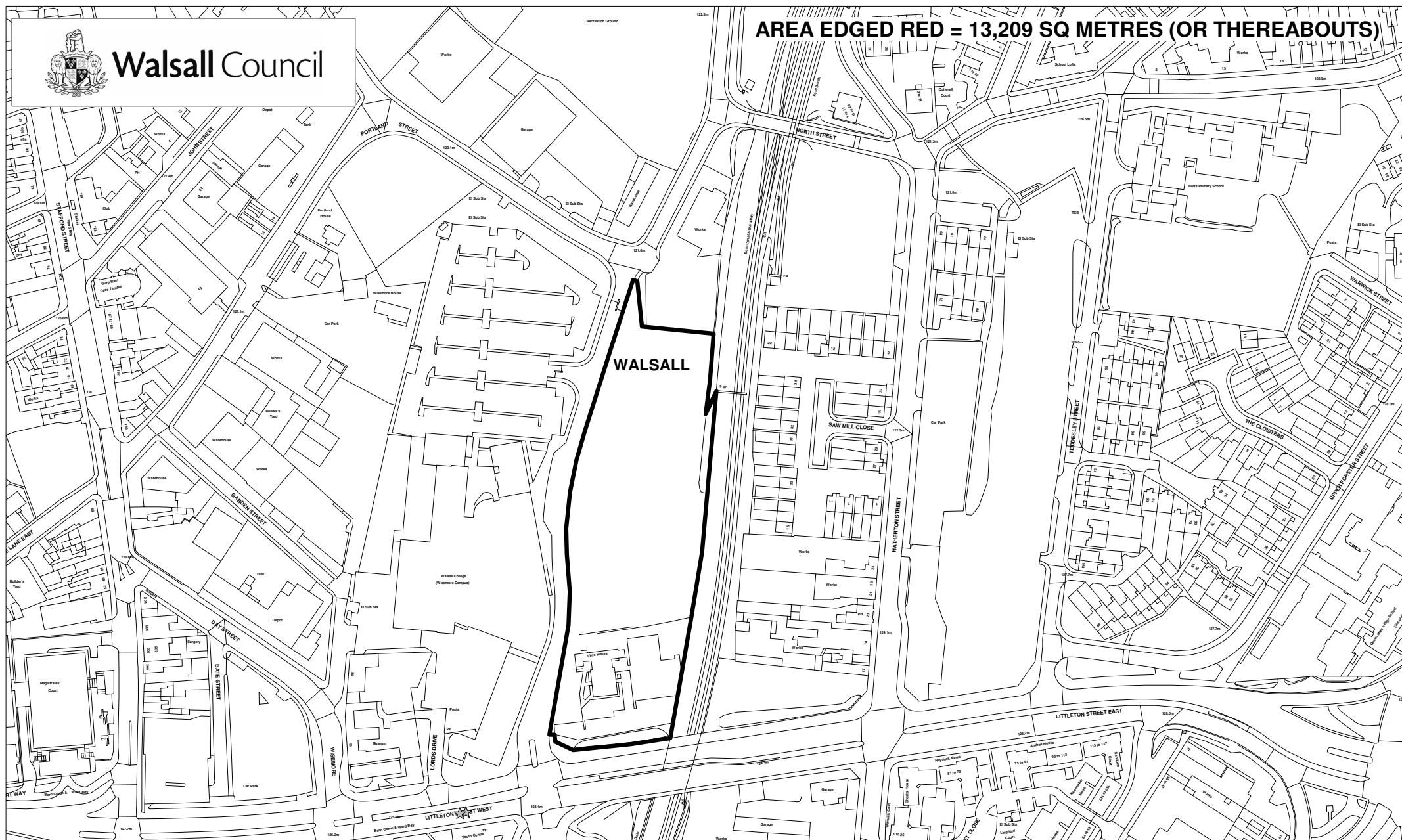
Councillor Adrian Andrew  
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24<sup>th</sup> July 2013





Walsall Council

AREA EDGED RED = 13,209 SQ METRES (OR THEREABOUTS)



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