

Cheltenham Borough Council
Council – 19th July 2021
Minster Exchange (MX) – additional funding request

Accountable member	Rowena Hay, Leader
Accountable officer	Paul Jones, Executive Director – Finance and Assets.
Ward(s) affected	All
Key/Significant Decision	Yes
Executive summary	<p>On 8th October 2019, Cabinet approved the recommendation to support the creation of the Workshop Cheltenham development, including a tier 2 Growth Hub, by Workshop Cheltenham Limited (WSC) on Chester Walk car park following a land swap with GCC for part of St George’s Road car park.</p> <p>A revision to the original planning approval in June 2019, incorporating a change from remodelled shipping containers to modular construction, was approved by the Planning Committee on 20th August 2020.</p> <p>On 3rd March 2020, Cabinet approved (exempt item) investment up to £1.7m in WSC to facilitate delivery of the facility and Council endorsed the lending as part of its Treasury Management Strategy on 23rd March 2020. The Cabinet delegated authority to agree final terms of the investment and to set up the most appropriate vehicle for investment in Workshop Cheltenham. Independent legal advisors considered a number of options and recommended setting up a Limited Liability Partnership (LLP) with WSC to manage the building.</p> <p>In July 2020, the Government announced a £900m ‘Getting Building Fund - GBF’ to support economic recovery following the Covid-19 pandemic outbreak, co-ordinated by the Gloucestershire First LEP (LEP) under the banner of Local Infrastructure Stimulus Fund (LISF). The Council made an application for funding an enhanced scheme rebadged as ‘Minster Innovation Exchange (MX)’ and received a grant award of £3.114m.</p> <p>On 10th November 2020, Cabinet approved: the acceptance of the GBF grant; acceptance of the award of the LEP Tier 2 Growth Hub residual grant of £433,638 and taking over the role of promoter of the Growth Hub from WSC; entering into a joint venture (including the incorporation of the new limited liability partnership (LLP)) with WSC to manage MX; entering into a contract with WSC for WSC to deliver the design and build of the MX and the public realm masterplan for the Minster grounds for consultation.</p> <p>On 16th November, Council approved the gross capital budget for MX of £4,671,000, taking into account the GBF and growth hub grants, to be incorporated into the Council’s budget and capital programme for 2020/21.</p> <p>Following a re-branding exercise in the spring of 2021, the building has been renamed Minster Exchange, abbreviated as MX.</p>

This report provides an update on the project and outlines the requirement for additional funding of £995k to deliver the MX scheme.

Recommendations

It is recommended that Council approve:

- 1. Additional borrowing of £995k and upper borrowing requirement limit of £1.995m to deliver the Minster Exchange project.**
- 2. A revised gross capital budget for Minster Exchange of £5.666m to be incorporated into the Council's budget and capital programme for 2021/22.**
- 3. That the Investment and Treasury strategy for 2021/22 be revised to include the revised borrowing limit for Minster Exchange of £1.995m.**

Financial implications

Following work to firm up the construction phase of MX, additional projected costs of £995k had been identified to deliver MX, increasing the total budget to £5.666m. A detailed analysis of the key budget variances are attached at Appendix 2 (exempt).

The financial projections for the revised investment proposal for the delivery of MX based on the Council commissioning the construction of the MX and the creation of the joint venture limited liability partnership (LLP) between the Council and WSC, taking into account the revised proposed budget are included at Appendix 3 (exempt).

The Council's involvement in the joint venture is designed to be on commercial terms so that the council is acting as a market economy operator.

An indicative revised capital budget for the MX scheme is shown in a table at Paragraph 5.2 and at Appendix 4 (exempt).

The revised upper limit of borrowing required of £1.995m (net of the government GBF grant), is £295k above the upper limit of £1.7m included within the November 2020 Cabinet report. The Treasury Management Strategy for 2021/22 will need to be revised to reflect the increased borrowing limit of £1.995m.

Detailed financial implications are set out in section 5 of the report.

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<p>Legal implications</p>	<p>The Council is being advised by Anthony Collins Solicitors LLP (ACS) in relation to the MX project. ACS has previously provided detailed advice to support the Council's decision making.</p> <p>The Council has the ability to act in respect of the MX project through its General Power of Competence under the Localism Act 2011. In utilising the General Power, it is considered that, notwithstanding the need for the Council's involvement to be financially viable and that the LLP will be a commercial entity, the Council is acting for a dominant regeneration and economic development purpose and not a dominant commercial purpose. This is noted above in this report and in the March 2020 Cabinet report discussing the drivers for the Council to act here.</p> <p>The LLP has been incorporated and the agreement relating to its governance has been entered into by the Council, WSC and the LLP. The Council and the LLP have also entered into an agreement for lease for MX.</p> <p>In utilising its General Power of Competence in respect of the decisions (and their implementation) set out in this report, the Council must also comply with its power to borrow, HM Treasury's requirements for borrowing from the Public Works Loan Board and the Council's Investment and Treasury strategy. The decisions set out in this report facilitate the Council's compliance with these obligations.</p> <p>In implementing the MX project, the council is only providing a proportion of funding directly to the LLP as an unsecured (albeit controlled in accordance with the LLP governance) capital contribution. The remainder of the budget (including the revised amounts referred to in this report) is being expended directly by the Council including through a design and build agreement with WSC.</p> <p>The council must comply with the Public Contracts Regulations 2015 and the Constitution when entering into and managing contracts for works, supplies and services. The original decision to proceed with the design and build agreement with WSC was taken on the basis that the valuation was under the relevant threshold set out in the Regulations. The scope and rationale for the design and build agreement remains the same. The revision to the budget outlined in this report was not envisioned at the time of that decision. The legal advice is that the Council remains compliant with the Public Contracts Regulations 2015 and the constitutional authority to enter into the design and build agreement.</p> <p>The subsidy control regime in the United Kingdom applies to the receipt of funding by the Council and the expenditure of funding by the Council. It is considered that the continued implementation of the MX project remains in line with those rules and, in particular, the arrangements with WSC and the LLP are on commercial terms.</p> <p>Anthony Collins Solicitors LLP</p>
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<p>HR implications (including learning and organisational development)</p>	<p>Since April 2021, the Council has been delivering a virtual Growth Hub service in partnership with WSC ahead of opening the MX building. The LEP 2 FTE staffing requirement for growth hub business navigator roles is being delivered through a combination of a seconded part time member of staff from the Council, a seconded part time member of staff from WSC plus a newly recruited initially part time navigator post directly employed by WSC.</p> <p>Once the MX building is open, the 2 permanent FTE navigator roles will be delivered directly by WSC under a contract to manage MX, replacing the council FTE contribution.</p> <p>Contact officer: Julie McCarthy HR Manager julie.mccarthy@publicagroup.uk Tel 01242 264355</p>
<p>Key risks</p>	<p>See Appendix 1</p>
<p>Corporate and community plan Implications</p>	<p>The MX project is a key initiative which helps delivery of the Council's Place strategy by supporting the aspirations for thriving business, cultural and creative communities and is also a key strand of the Council's covid recovery plan.</p> <p>Research by Nesta and Creative England shows Cheltenham's 1,027 creative businesses constitute 11% of the total but employ only 4.5% of its workforce and contribute just 6% of its Gross Value Added (GVA). Cheltenham's creative sector is significantly under-performing and there is a compelling case to do more to stimulate the contribution it makes to the local economy.</p> <p>The provision of easily accessed start-up spaces, principally for young creative entrepreneurs and cyber tech individuals and organisations will support a cyber eco system ahead of the Golden Valley development. MX is a key part of the Council's post covid-19 recovery strategy.</p> <p>The enhanced development of MX and Minster Gardens will be a significant regeneration project in the vicinity of the Minster and the Wilson and support the Council's aspiration to create a thriving cultural quarter in this location.</p> <p>The use of Chester Walk car park to locate MX will introduce activity into the area adjacent to St Mary's churchyard. This is expected to have many positive benefits, including a likely reduction in the level of antisocial behaviour that currently takes place within the churchyard and will repurpose an underused public asset.</p> <p>Additional footfall in this area is likely to have a positive effect on the Wilson, including its café.</p>

<p>Environmental and climate change implications</p>	<p>Following the change in construction approach, MX will be a modular building which will reduce its carbon footprint during construction. The enhanced scheme will include PV panels, external thermal cladding and triple glazing with the aim of delivering a building which is operationally carbon neutral.</p> <p>Part of the additional budget will fund a Building Management System (BMS) which will ensure the optimum energy efficiency of the building.</p> <p>The project team are working with Gloucestershire Local Nature Partnership to ensure that MX and public realm works deliver both carbon efficient outcomes and a positive contribution to biodiversity.</p> <p>The location is also well placed in the town centre, reducing the need to travel to it by car.</p>
<p>Property/Asset Implications</p>	<p>In order to facilitate the delivery of MX, the Council undertook a land swap with GCC, exchanging Chester Walk car park for 61% of St George's Road car park. The decision to approve the land swap was taken by Cabinet on 8th November 2019.</p> <p>The Council will lease the MX to the LLP for best consideration. It is proposed that the LLP will pay a commercial rent for the land to CBC, based on 5.5% of turnover, capped at £75k per annum after a rent free period. An agreement for lease has been entered into.</p> <p>As per the original Cabinet decision, the Growth Hub will continue to occupy part of the development. Although the LLP is intended to operate as a commercial entity the Council has sought, and will continue to ensure, that delivery of the Council's obligations back to the LEP are secured.</p> <p>The LLP will operate MX subject to the terms of the lease and in accordance with its commercially adopted business plan.</p> <p>Following negotiations, Cheltenham Festivals will relocate to the development and contract directly with the LLP.</p> <p>The investment in MX on Chester Walk car park will likely increase the value of the site.</p> <p>The freehold of the MX will be in the ownership of the Council albeit subject to the LLP lease for its term.</p> <p>Contact officer: Simon Hodges simon.hodges@cheltenham.gov.uk , 07775 418664</p>

1. Background

- 1.1** On 8th October 2019, Cabinet approved the recommendation to support the creation of Workshop Cheltenham by Workshop Cheltenham Limited (WSC) on Chester Walk car park which had been owned by Gloucestershire County Council (GCC). The decision included a land swap with GCC for part of St George's Road car park and, following the land swap, the provision for a lease from CBC to WSC to access Chester Walk car park to construct the Workshop Development.
- 1.2** During the autumn of 2019, WSC attempted to attract external financing to deliver the Workshop Cheltenham but as WSC would not have had a freehold interest in the land it was unable to secure external funding. As a result, WSC approached the Council to consider an investment in WSC to facilitate the delivery of the project.
- 1.3** On 3rd March 2020, Cabinet approved (exempt item) investment of up to £1.7m investment into Workshop Cheltenham Limited (WSC) at a commercial rate to enable the delivery of the facility, taking a share of the net profit from running the facility, subject to obtaining independent advice to establish the most appropriate investment delivery vehicle. The Council endorsed the borrowing as part of its Treasury Management Strategy at a meeting of Council on 23rd March 2020.
- 1.4** In July 2020, the Government announced a £900m 'Getting Building Fund' to support economic recovery following the Covid-19 pandemic outbreak, co-ordinated by the Gloucestershire First Local Enterprise Partnership (LEP) under the banner of Local Infrastructure Stimulus Fund (LISF). The Council made a funding application, assisted by WSC, for an enhanced Workshop Cheltenham scheme rebadged as 'Minster Innovation Exchange' (MX) and was awarded £3.114m to fund an enhanced scheme including a modular build and public realm improvements. In November 2020 Cabinet and Council resolved that the gross capital budget for the Minster Exchange of £4.671m, be incorporated into the Council's budget and capital programme for 2020/21. As part of this resolution the Council's investment in this enhanced scheme was reduced to £1m.
- 1.5** On 10th November 2020, Cabinet approved: the acceptance of the GBF grant; acceptance of the award of the LEP Tier 2 Growth Hub residual grant of £433,638 and taking over the role of promoter of the Growth Hub from WSC; entering into a joint venture (including the incorporation of the new limited liability partnership (LLP)) with WSC to manage MX; entering into a contract with WSC for WSC to deliver the design and build of the MX and the public realm masterplan for the Minster grounds for consultation.
- 1.6** On 16th November 2020, Council approved the gross capital budget for MX of £4.671m to be incorporated into the council's budget and capital programme for 2020/21.
- 1.7** Following a re-branding exercise in the spring of 2021, the building has been renamed Minster Exchange, abbreviated as MX.
- 1.8** This report provides an update on the project and outlines the requirement for additional funding of £995k to deliver the MX scheme.

2. Update of project delivery

- 2.1** Both Council Officers and the Directors at Workshop Cheltenham (WSC) have continued to make considerable progress in moving forward this complex project in the challenging environment resulting from impact of events outside the control of the project team including covid and Brexit.
- 2.2** Since the Cabinet and Council decisions in November 2020, the project team, working with WSC have delivered the following:
 - Completed the land swap with GCC for exchange of Chester Walk car park with part of St

George's road car park.

- Contracted with GCC for work segregating St George's road car park including resurfacing and relining; landscaping; installing new lighting and pay machines.
- Incorporated the Limited Liability Partnership (LLP) between CBC and WSC and entered into the LLP member agreement.
- Contracted with GCC, on behalf of the LEP, for the Getting Building Fund Grant towards construction of MX.
- Contracted with the LEP for the growth hub grant and to fulfil the role of Cheltenham Growth Hub promoter.
- Agreed draft Design & Build contract with WSC for delivery of the MX building.
- Agreed the draft contract with the main contractor for the construction of the modular MX building.
- Drafted the operational contract for the management of the MX building with WSC.
- Created an operational virtual growth hub service in partnership with WSC.
- Consulted with the diocese on the Minster public realm master plan.
- Established monthly monitoring on behalf of funding body (LEP).
- Completed a re-branding exercise for the building and identified a preferred graphic designer to develop a log / graphics reflecting the branding.
- Engaged external consultants to support the development of ideas for the Minster gardens and consulted with local stakeholder including the Diocese and business affected on the initial ideas.

3. Growth Hub

- 3.1** Following the Cabinet decision in November 2020, the Council took over the 'promotor' role for the Growth Hub from WSC.
- 3.2** The Growth Hub is a model adopted in other districts within the county and provides invaluable support to businesses by offering (a) free, impartial diagnostic and brokerage to businesses and individuals in Cheltenham Borough and Gloucestershire via the Business Navigator service; (b) tailored support depending on size and growth; (c) access to online business support, networking events and use of Growth Hub space.
- 3.3** The LEP requested that the Council consider the delivery of a virtual Growth Hub, ahead of the completion of MX. The Council and WSC considered this request and, since April 2021, the Council has been delivering a virtual Growth Hub service in partnership with WSC. The LEP's 2 FTE staffing requirement for growth hub business navigator roles is being delivered through a combination of a seconded part time member of staff from the council, a seconded part time member of staff from WSC plus a newly recruited initially part time navigator post directly employed by WSC. Once the MX building is open, the 2 permanent FTE navigator roles will be delivered directly by WSC under a contract to manage MX, replacing the council FTE contribution. The 'one off' cost of the Council's navigator post is £25k which forms part of the additional funding request.

- 3.4 Once the MX building is open, the 2 FTE navigator roles will be delivered directly by WSC through the recruitment of a further navigator role, under the operating management agreement to manage MX.
- 3.5 The virtual growth hub has been providing invaluable support to business during the covid pandemic since April 2021. To date, with two full time Business Navigators it has provided free and impartial advice to over 30 local business that specified Cheltenham as their preferred growth hub. The range of businesses handled is wide ranging from one-person sole traders to multimillion pound SME's with 20+ employees and global ambitions.

4. Additional Funding Request

- 4.1 Since November 2020, WSC have been finalising contracts for the construction of the MX building with numerous contractors. The modular construction method is non-conventional and has presented challenges in estimating construction costs.
- 4.2 WSC have undergone considerable value engineering of the MX building with the manufacturer of the modular units. The Council is keen to ensure that MX is as sustainable as possible and does not consider it acceptable to remove any elements of the building e.g. insulation, PV panels etc. which support the delivery of the Council's carbon agenda. This would mean that carbon benefits would be lost. In addition, reducing carbon initiatives would not deliver against the LEP funding criteria and therefore risk the GBF grant funding.
- 4.3 Whilst work to firm up costs continues, the current position is that the overall cost of construction of MX is higher than estimated and budgeted for in November 2020. The projection is for an additional budget of £995k above the budget of £4.671m approved by the Council in November 2020. The following outlines the broad areas of cost increase.

GLOBAL EXTERNAL PRESSURES

- 4.4 The construction industry is under tremendous pressure with unprecedented demand for building materials which have led to a significant increase in the cost of materials and labour by an average of 20%. This is due to the impact of the Covid-19 pandemic and Brexit, resulting in a lack of raw materials and cost and delays in importing them in to the UK. As such, many construction projects are experiencing increasing delivery costs.
- 4.5 On the demand side, COVID has increased demand for modular construction particularly in the form of temporary hospital and education facilities. On the supply side, Brexit and issues including the Suez Canal blockage have caused problems with imports and material prices have increased. Lack of labour is also a result of Brexit as employees within the construction industry migrate back to EU countries. The situation has been further exacerbated by the demand for materials and labour due to the healthy state of the construction industry, both commercial and domestic.

INCREASED SPECIFICATION FOR MX

- 4.6 As the project has moved to the detailed design phase, additional important elements have been added to the list of requirements which had added to cost. These include:
- Electricity supply: The initial plan was to connect the MX building to an existing electricity supply. Detailed negotiations with the power supply company revealed that they may now require MX to have its own electricity substation on the MX site, at considerable extra cost. Options are still being pursued including the potential to upgrade an existing substation which may mitigate some of the additional cost. This situation is completely out of the control of the project team and the Council.

- Virtual growth hub: The creation of a virtual growth hub service to support business recovery ahead of the MX building opening was a condition of the contract for the LEP grant. The Council considered this to be an important economic support and stimulus initiative that should be delivered in response to the impact of the covid pandemic which requires 'one off' funding of £25k.
- Building Management System (BMS): The addition of a building energy efficiency management system will help deliver the aspiration for the MX building to be operationally carbon neutral and meet the LEP BREEAM (Building Research Establishment Environmental Assessment Method) best endeavours funding criteria.
- Legal: the complexity of the project and the joint venture has resulted in the need for additional legal work to be commissioned to support the delivery of MX (procurement advice, etc.) and to ensure that the LLP operates appropriately within the Council's constitutional framework.
- Following a branding workshop with Council officers and WSC, the building was rebranded as Minster Exchange (MX). Additional budget is now required to develop a graphical logo in physical and digital format to articulate the brand.

PROJECT MANAGEMENT CAPACITY

4.7 Whilst a considerable amount of work has already been undertaken in this short space of time, there is still much work left to do to deliver the MX building and public realm improvements in the Minster gardens to meet the requirements of the GBF and Growth Hub grants. Part of the request for additional funding is to provide additional project support and activity to meet the challenging deadlines. This includes funding the following:

- The Minster Gardens is seen as a key part of the project which will deliver a transformational change in the Minster grounds and vicinity of MX, driving up footfall and creating a revitalised public space where people will want to spend time as well creating improved links between the MX and the Wilson to the High Street. Additional project management to support the delivery of the public realm improvements in the Minster Gardens will support the process of engagement with local business in the vicinity of the MX development and provide Project management support to the Council's Townscape team.

CONTINGENCY

- Given the complex nature of the project, additional borrowing headroom is built into the overall budget to ensure that there is an appropriate level to deliver this complex, non-standard construction project. The contract for the supply of the modular building has been agreed and close to being signed which removes a considerable degree of uncertainty in cost. The effect of this is that the contingency is commensurate with the remaining elements of the contract which have yet to be finalised.

4.8 The additional funding will enable the project to be delivered in line with the approved scope. However, WSC along with CBC officers will continue to investigate opportunities for savings and additional grant funding streams.

5. Financial implications

5.1 In summary, the Council is now being asked to approve an increase in the Council's investment from £1m (agreed by Council in November 2020) to £1.995m. This is £295k or 15%, above the original investment of £1.7m (agreed by Council in March 2020) for the original, less comprehensive scheme for the building only.

- 5.2 It is also recommend that the Council approve the amendment of the Council’s budget and capital programme for 2021/22 to include the MX scheme with an indicative overall gross project budget of £5.666m. A summary of capital spend and funding for MX is included in the tables below and detailed at Appendix 4.

Capital Breakdown	£	£
Preliminaries		152,975
Modular units	3,294,594	
Event space	383,013	
Furniture and fittings	210,000	
Public realm works / landscaping (CBC)	365,600	
Other Costs	497,610	
Total Packages		4,750,817
Professional fees		563,325
Stamp Duty		49,000
Total Scheme Cost		5,516,117
Additional Contingency		149,883
TOTAL COST		5,666,000

Funding Sources:	£
Getting Building fund grant	3,114,000
Public real match funding	57,000
CBC loan (upper limit)	1,995,000
LEP GH grant	500,000
	5,666,000

- 5.3 In summary, the construction of MX will now be financed from £3.114m of Government grant, £500k from the LEP for the Growth Hub and investment of circa £1.995m from the Council (a proportion of the latter will be invested in the LLP as member capital to assist with cash flow and initial marketing activity). The Council has already approved £57k of match funding towards the original GBF bid to the LEP towards the public realm improvements in the Minster Gardens in the 2021/22 capital programme. The Council has also submitted a project change request to ERDF to match fund the works at the Minster Gardens to a value of £200k which would have a significant impact on the scheme being delivered. We are awaiting a decision which is due by end of July. The Council’s increased level of investment will be repaid through the LLP profit sharing over a ten year period. Indicative cash flow projections for the LLP showing financing of the Council borrowing of £1.995m by the LLP are indicatively modelled at Appendix 3 (exempt).
- 5.4 The LLP profit sharing and capital return mechanism is designed to repay the Council investment (whether spent by the Council or invested as member capital) on a straight line basis over a 10 year period, based on 1/10th of the investment sum with an effective 5% interest rate payable.
- 5.5 The arrangements within the LLP allow the Council to withdraw a proportion of the capital contribution made to the LLP before profits are then shared in accordance with an agreed mechanism. This includes an initial fixed share of profit to the Council to cover the repayment referred to in paragraph 5.4 before remaining profits are then shared between the Council and WSC.

- 5.6** In addition, following an initial rent free period, the Council will receive site rent based on 5.5% of turnover capped at £75k per annum.
- 5.7** Separately to the commercial return, the Council will also benefit from additional business rates which have yet to be quantified.

6. Alternative options considered

- 6.1** Not progressing was considered and discounted. MX is considered to be a vital regeneration project for the town and is a key strand of the Council's covid recovery plan. The Council has already invested heavily in the project both in terms of officer time and money. The Council has developed a key partnership with WSC and facilitated the delivery of an important regeneration project which will deliver significant economic benefits for the town and support the development of the cyber community and the Golden Valley project. Should the Council not go ahead with the MX project, there would be a significant negative impact on the Council's place strategy aspirations, negative economic impact and reputational damage particularly given the negative economic impact of the Covid-19 pandemic.

7. How this initiative contributes to the corporate plan

- 7.1** The MX project is a key initiative which helps delivery of the Council's Place strategy by supporting the aspirations for thriving business, cultural and creative communities and is also a key strand of the Council's covid recovery plan.

8. Consultation and feedback

- 8.1** The Council and WSC have undertaken considerable engagement with and received support from various stakeholders throughout the project, including local businesses and residents directly adjacent to the project.

9. Performance management – monitoring and review

- 9.1** The outcomes from the MX project will be monitored by both the LEP and the Cabinet. Review and monitoring mechanisms will be built into both the Design and Build contract and the LLP legal documentation. The project has a Programme Board in place to monitor delivery of the project including representation from the LEP and One Legal. There is a robust monitoring and reporting regime with the LEP in place to ensure the delivery of targets agreed in the funding contract.
- 9.2** The returns from the Council's investment will be monitored by the Council's ELT and Cabinet.

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Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. MX – additional funding request – reasons for variances 3. Investment proposal - financial projections - £1.995 borrowing (exempt). 4. MX – revised capital budget (exempt)
Background information	<ol style="list-style-type: none"> 1. Cabinet report 8th October 2019 Workshop Cheltenham 2. Cabinet report 3rd March 2020 Workshop Cheltenham – investment proposal 3. Council report 16th November 2020 – Minster Innovation Exchange

Risk Assessment

Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the Council does not invest in MX, then the facility is unlikely to be delivered and the place strategy theme for being a place where 'culture and creativity thrive' will be negatively impacted.	Paul Jones	21/2/19	4	2	8	Reduce	Council to agree the revised upper limit of £1.995m investment..		Mark Sheldon	
	If MX financial projections are not realised then the LLP may not repay the Council's investment in the MX and the commercial terms will not be realised.	Paul Jones	21/2/19	4	3	12	Reduce	Undertake further due diligence work to provide assurance that financial modelling is robust. Modelling has been undertaken which provides assurance that MX breaks even at 50% occupancy levels.		Andy Taylor	
	If the relationship between the Council, LLP and WSC for the MX is not deemed to be on commercial terms, then the Council could be considered to be providing state aid.	Paul Jones	21/2/19	4	3	12	Reduce	Provide evidence to ensure commercial returns and seek external assurance that state aid does not apply.		Andy Taylor	
	If the development does not proceed or is not a success there may be reputational consequences.	Paul Jones	21/2/19	4	2	8	Reduce	Council to approve the additional budget to deliver MX.		Mark Sheldon	
	If the Council does not deliver MX within the timelines required by the	Paul Jones	28/10/20	4	3	12	Reduce	Council to approve the additional budget to deliver MX.		Mark Sheldon	

	LEP then the Growth Hub grant funding may be at risk										
	If CBC in partnership with WSC are unable to deliver to timescales, within budget and to terms of the funding agreements then there is a risk that the programme will fail	Paul Jones	09/02/21	4	3	12	Reduce	<p>Last reviewed 30/06/21</p> <p>LEP involved in programme delay and budget discussions and currently accept progress.</p> <p>Costs increased significantly request will be made at July Council to increase budget.</p> <p>Delivery timescale currently April/May</p>		Mark Sheldon	Y

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close