

Public

Agenda Item 9

D2N2 Infrastructure Investment Board (IIB) Cover Sheet – 30th September 2019

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
-------------------------	-------------------------------------	-------------------------------------	--

Meeting and Date	30 th September 2019		
Subject	Approval of the New Assembly Rooms		
Author	T Goshawk/S Wainwright	Total no of sheets	

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
--------------------------	--	-------------------------------------	--------------------------------------

Summary and Recommendation(s)

This paper sets out a request for £4.48m of Local Growth Funding to support the New Assembly Rooms

The project is now compliant with the Local Assurance Framework and after a review of the business case, D2N2 recommends that the project is approved by the Investment Board subject to the Value for Money report being returned by the external consultants.

D2N2 INVESTMENT BOARD**30th September 2019****New Assembly Rooms****1.0 Background**

In February 2015 DCLG awarded D2N2 Grant Funding to deliver the approved schemes on the Local Growth Fund (LGF).

The LGF comprises of 51 schemes and runs until March 2021.

In March 2015 D2N2 and Derbyshire County Council issued the LGF Local Assurance Framework which sets out the procedures for managing and approving projects.

In April 2015 D2N2 appointed Derbyshire County Council as the Accountable body to administer the Local Assurance Framework.

2.0 Scheme Overview

The Assembly Rooms was built alongside its car park in the 1970's. This was Derby's premier performance venue operated by Derby LIVE delivering a busy and mixed programme of cultural events. In March 2014 a fire in the plant room above the Assembly Room car park, which adjoins the building, made the Assembly Rooms unsafe for use. The Assembly Rooms has been closed since the fire and the city has been without its main entertainment venue for over five years.

Derby's ambition is to create a contemporary large scale entertainment and conference venue in the city centre, animating and enhancing the viability of the market place.

The New Assembly Rooms project objectives are as follows:

Public

Agenda Item 9

- To create a new look and feel Assembly Rooms that contributes to the vibrancy of the Market Place. The aim is to re-open the Assembly Rooms as soon as possible at a minimum capital and on-going revenue costs.
- To increase and enhance the cultural offer in the city through the returns of entertainment, cultural performance and commercial events to the Assembly Rooms after an absence of more than 5 years.
- To create a new sense of place and vibrancy in the heart of the city and beyond and improve the city centre experience for the visitor economy.
- To attract new visitors, unlock commercial development and create new jobs in the city centre.

The New Assembly Rooms will be operated by a hybrid organisation including Derby City Council's in-house venue and events team (Derby LIVE) and additional, experienced commercial management.

The funding for the project is sourced from the following:

Funding Source	TOTAL
Derby City Council (inc. capital receipts, insurance reserve)	£18,545,000
D2 Business Rates Pilot	£975,000
LGF	£4,480,000
TOTAL	£24,000,000

3.0 Approvals

The project was approved by Derby City Council Cabinet on Wednesday 12th December 2018.

Planning Permission was approved on the 13th September 2019

Public

Agenda Item 9

4.0 Procurement

The promoter have engaged Wates Construction Ltd through the Scape National Construction framework.

5.0 State Aid

The promoter has confirmed the project is State Aid compliant.

6.0 Business Case

An Outline Business Case for the project was approved on the 25th of July 2019.

The business case has been forwarded to Regeneris Hatch and at the time of writing this report the Value for Money (VFM) report had not been completed. Any approval given will be on the basis that the project reports good VFM

7.0 Delivery Programme

Works begin on site with asbestos strip and ceiling removal-Nov 2019-Jan 2020

Enabling works by contractor-May 2020-July 2020

Construction Phase-June 2020-October 2021

Operator fit out-October 2021-November 2021

Venue open December 2021

8.0 Outputs and Outcomes

56 direct new jobs

196 in direct new jobs

165,771 annual visitors to the New Assembly Rooms

284 annual cultural events

Public

Agenda Item 9

9.0 Spending Profile

19/20	£1,179,039
20/21	£3,620,961

10. Local Assurance Framework

An outline business case was approved in July 2019 and a Full Business Case has now been submitted in line with the approval process. The Accountable Body and D2N2 have assessed the Full Business Case submission and approval is recommended

The Investment Board are asked to approve the project and to release the £4,480,000 of LGF on the condition that the Hatch Regeneris report confirms the project represents good value for money.

Sarah Wainwright, Accountable Body, Derbyshire County Council
Tom Goshawk, D2N2 LEP

Appendix 1

Local Assurance Framework

Final stage Approval Check List:

<p>1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model.</p>	<p>A detailed business case for the project has been submitted to the LEP and follows the Five Case 'Green Book' compliant model.</p>
<p>2. A VFM assessment must be completed. The VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.</p>	<p>A value for Money assessment is currently being carried out by external consultants and the project is requested to be approved subject to Value for Money approval.</p>
<p>3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.</p>	<p>Planning Permission was approved on the 13th October as application 19/00898/FUL</p>
<p>4. Confirmation that any Section 106 or other agreements have been entered into.</p>	<p>n/a</p>
<p>5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)</p>	<p>The promoter has engaged Wates Construction Ltd through the Scape National Construction framework.</p>
<p>6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs</p>	<p>A pre-construction contraction services delivery agreement has been entered into with Wates in order to work with the Council to support the design process and prepare the agreements to deliver the construction works. The current intention is to enter into an NEC Engineering Construction Contract Option A with Wates for the</p>

Appendix 1

	<p>construction work. Enabling works are due to start in April 2020 with the main contract starting in June 2020.</p>
<p>7. Confirmation that the promoter will be responsible for any variations to the contract price and that once entered into, the contract will be completed in line with the details submitted.</p>	<p>Should cost overruns occur, these will be assessed to determine whether they are the responsibility of the contractor or the client. Where the cost overruns are the responsibility of the client, these will be assessed through the compensation event process. In summary either the promoter or the contractor will be responsible for any cost overruns.</p>
<p>8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.</p>	<p>The project is currently at RIBA stage 3 and due to the procurement system being used won't be at Stage 4 until March 2020</p>
<p>9. Details of any outstanding points preventing/delaying the start-up of the construction contract.</p>	<p>n/a</p>
<p>10. Details of any changes for the project from the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.</p>	<p>The outputs for the project are:</p> <p>56 new direct jobs 196 new indirect jobs</p> <p>On the EOI and OBC jobs were estimated at 45, the revised figures take into account the additional retail/restaurant space. The indirect jobs are expected to be created from the supply chain and visitor spend in the area.</p>

Appendix 1

<p>11. Confirmation that all funding is now in place with details of the sources of funding, please include letters from third party funders confirming any conditions and timescales.</p>	<p>The confirmation of match funding has been confirmed by the promoter.</p>
<p>12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project</p>	<p>The entire site is in the ownership of the promoter</p>
<p>13. A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the outputs/outcomes that will be delivered on a quarterly basis.</p>	<p>Works begin on site with asbestos strip and ceiling removal-Nov 2019-Jan 2020 Enabling works by contractor-May 2020-July 2020 Construction Phase-June 2020-October 2021 Operator fit out-October 2021-November 2021 Venue open December 2021</p>
<p>14. An updated risk register identifying the key risks and the project manager responsible. The risk register needs to be scored and include a mitigation plan.</p>	<p>A risk register has been provided by the promoter and includes mitigations</p>