

### D2N2 Investment Board – January 2021

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
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Meeting and Date	D2N2 Investment Board –13 <sup>th</sup> January 2021		
Subject	Project for Approval - Becketwell, Derby		
Author	T Goshawk and Rachel Lister, Thomas Lister Limited	Total no of sheets (Excluding cover sheet)	16

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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#### Summary and Recommendations

D2N2 has an allocation of £250M of Local Growth Fund to support delivery of economic growth across the D2N2 region. The funding started in 2015 and comes to an end in March 2021.

The delivery of the fund is managed in line with the D2N2 Local Assurance Framework agreed with Government, which sets out the compliance requirements in relation to the delivery and approval of projects funded through the Local Growth Fund.

The project has previously been granted £8.1m in pre compliance funding by the Investment Board and is therefore requesting with this Final Business Case that the funding is converted in to a grant. Following an independent review of the Business Case, officers would recommend the Investment Board to approve the request of £8.1 million of Local Growth Fund to be approved to Derby City Council, subject to the confirmation of a planning approval by Derby City Council.

**D2N2 Investment Board**  
**Final Business Case – Project for Decision**  
**Local Growth Fund**

Project Name	Becketwell, Derby	Project Applicant	Derby City Council (DCC)
Construction Start Date	Spring 2021	Construction End Date	30 <sup>th</sup> September 2023
Local Growth Fund Requested	£8.1 million	Total Project cost and Sources of funding	Total Project Cost £13.371 million. The balance of funding will be provided solely by DCC
Gross Value Added/ Benefit Cost Ratio	Initial BCR 2.4:1 Adjusted BCR 2.9:1	Expected Outputs	<ul style="list-style-type: none"> <li>• 224 Residential Units</li> <li>• Net additional GVA per annum (present value) £143.4 million</li> <li>• Land value uplift £15.3 million</li> <li>• Net additional construction jobs 282.</li> <li>• Amenity benefits 0.7 million</li> <li>• Distributional benefits 6.7 million.</li> <li>• 250 Jobs Created</li> </ul>

### 1.0 Project Description

Becketwell comprises an identified regeneration area extending over 1.9 hectares in Derby City Centre. Becketwell comprises Duckworth Square, the former Debenhams building on Victoria Street, Becket Street and Colyear Street.

Over the past four decades, the Becketwell area has been in a spiral of decline following the closure of the former Duckworth Square shopping centre in the 1980s, the eventual relocation of Debenhams into the newly built Intu centre and the ongoing deterioration of the nightclub, offices and hotel buildings on Colyear Street due to increasing vacancy rates and lack of investment. Over time, the vacant and

poor quality building have created environmental blight within this area of the city, the market has been unable to deliver the sustainable regeneration of this part of the city.

In March 2018, St. James Securities Ltd (SJS), were selected as the preferred developer for the former Debenhams department store and a Masterplan for the whole of Becketwell has subsequently been developed. At this time, there was also an opportunity for Derby City Council to acquire property located on Colyear Street comprising offices, car parking, former nightclub and hotel, which facilitated the assembly of a comprehensive regeneration site.

Since this time, SJS has secured outline planning permission for the comprehensive regeneration of Becketwell, following a resolution to grant permission in February 2020. On 7<sup>th</sup> September 2020, a hybrid planning application including a reserved matters application for Phase 1 was submitted for a residential led development to be delivered alongside a new public square. Determination of the planning application is due to be considered by Planning Committee on 7<sup>th</sup> January 2021, with a recommendation by officers for approval. (A verbal update on the outcome will be provided at the meeting).

D2N2 are contributing £8.1m of Local Growth Funding towards land purchases and demolition costs on the Becketwell site which will enable the delivery of new jobs and residential units in Derby City Centre. Which will enable the delivery of;

- Phase 1a – 224 apartments along with ancillary car parking and a commercial unit at ground floor levels.
- Phase 1b – 35 apartments, ancillary car parking and commercial unit at ground floor level.
- Phase 1c – creating a new gateway to the site, by demolishing the former Debenhams building and United Reformed Church (both in the ownership of DCC) along with delivery of a new public square accessed directly off Victoria Street.

It is confirmed that Phase 2 is proposed as a managed workspace scheme and will deliver 250 new jobs, which are being claimed as an output against the LGF. Phase 2 is however excluded from this LGF financial application as construction of the centre will be outside of the LGF programme. Land acquisition terms have been agreed for this phase and it is expected to be delivered in a 5 year period.

The scheme therefore currently proposed to be delivered and subject to the Business Case submitted by Derby City Council is Phase 1 comprising 1a, 1b and 1c being the 259 residential build to rent units, new public square ancillary ground floor retail/commercial uses and car parking.

Phase 1 is subject to Planning Committee decision on the 7<sup>th</sup> January 2021, following which terms with the build to rent investor can be finalised and the development brought forward for implementation, anticipated for a start on site for the residential units in April 2021 and practical completion in November 2022. The

public square will commence on site in September 2022 and complete in March 2023.

## 2.0 Summary of Strategic Case/Fit

The project is recognised to support a number of strategies by various organisations and these are summarised as follows;

i. D2N2 Strategic Economic Plan (SEP)

The project clearly supports the theme of enhancing quality of places where people can live and work. Phase 2 of the scheme is intending to provide a new supply of good quality business space that is short in supply within the city and will therefore support productive and growing businesses through the proposed managed workspace scheme.

ii. Local Industrial Strategy (LIS).

The LIS has not been referred to within the Business Case; however, the project is considered to fit with various strategic objectives including the ability to potentially target marginalised sectors of the community in one of the most deprived areas of Derby. The scheme will provide much needed new residential accommodation, providing opportunities for those residents, which may be unable to buy a new home and for who would be better suited to the rental market. In addition, the potential creation of new jobs within the scheme may also provide opportunities for unemployed residents, including those who may have been made redundant during the COVID-19 pandemic.

iii. National Policy.

The project fits with the Industrial Strategy – Building a Britain Fit for the Future (updated 2018). The redevelopment of Becketwell will make a substantial contribution to improving productivity through attracting new business investment to an area that benefits from a major enhancement to public realm, retail and commercial infrastructure.

iv. National Planning Policy Framework 2019.

The Becketwell regeneration proposals are consistent with planning policy, which aligns to the core principle of sustainable development. The proposals for Becketwell have been designed to create an attractive and diverse place where people want to live, visit and work along with the generation of local employment and complimentary mix of housing.

v. Local Policies.

Becketwell accords with a number of policies within Derby City Council's Local Plan and the Economic Growth Strategy 2018-2022. The underlying theme across all of these policies is delivering the renaissance of the city centre,

alongside sustainable regeneration, created by a mixed-use scheme. The delivery of Becketwell will support economic growth, balanced communities set within a quality environment.

In addition, the scheme also accords with Derby City Centre's Masterplan to 2030, of which Becketwell is explicitly identified as a priority scheme for the city.

Becketwell also supports the Council's Transport Policy, which seeks to provide and promote a greater choice of equality and opportunity for all, through delivery of alternative means of transport being, walking, cycling and use of public transport networks, whilst also maintaining appropriate access for car users.

vi. COVID-19.

The COVID-19 pandemic has had a deep and immediate impact on the UK economy in 2020, with the UK currently being in recession after GDP declined by 20.4% in quarter two of this year. The response to the pandemic has resulted in a series of Government policy measures being introduced to support the economy through the pandemic, which incorporates financial support in the form of grants and the furlough scheme. Other fiscal measures including the reduction of VAT for some sectors and deferring payment of tax.

It is also noted that COVID-19 has served to exacerbate the decline of many city and town centres throughout the country, which were already suffering with changing patterns of retail behaviour through the growth of internet shopping. Permanent vacancy rates in the city centre have therefore increased nationally, with vacancy rates of retail property in Derby City Council, now estimated to be in the region of 33%.

Becketwell is wholly in accordance with the above policies, in seeking to assist with addressing the decline of a deprived part of the city centre and in attracting new investment, to bring forward a development that will be fit for purpose and sustainable post the pandemic, and in accord with socio-economic and market conditions.

**Assessors  
Comments**

The Full Business Case has demonstrated that the Becketwell project has strong strategic fit with D2N2 strategic objectives, those of Central Government and Derby City Council's policy objectives and Local Plan.

### 3.0 Summary of Economic Case and expected outcomes

The Economic Case provided briefly considers options for delivery of Becketwell, in context with options that have previously been studied in relation to the delivery of the scheme and following investment aid by the City Council to undertake a comprehensive site assembly exercise.

Given that options have previously been studied in relation to delivery of the regeneration scheme, following investment by the City Council to complete a comprehensive site assembly exercise, fully utilising Local Growth Fund and the appointment of SJS as preferred developer, the options presented within the Business Case are the short list of options in context with current circumstances.

The options assessment within the Full Business Case is therefore summarised as follows;

- Option 1 – Do nothing. This would result in the existing properties falling into further disrepair, contributing to the ongoing spiral of decline and limited economic activity taking place within the area. Overall, the scale of the Becketwell scheme would continue to blight the surrounding areas of the city.
- Option 2 – Reduced investment and piecemeal development. A number of options have been pursued over the years for the regeneration of Becketwell, including purely focusing on the demolition and redevelopment of the Debenhams building in isolation  
It has long been established that a piecemeal approach to Becketwell will have much lesser impact and the presence of obsolete land and buildings and poor environmental quality, will not address the long-term decline of this part of the city and much needed sustainable regeneration of the area.
- Option 3 – The preferred option. Given the aforementioned complexities of the Becketwell area, the Council has sought to assemble the site to enable comprehensive investment and development. The site assembly process de-risks the project to enable private sector investment, resulting in the comprehensive regeneration of this part of the city.

The proposed scheme therefore also enables the opening up of the site through the demolition of the former Debenhams building and United Reformed Church and ground floor retail to create a new public square and build to rent residential scheme. The substantial vacant properties on Colyear Street, which effectively blight the area are to be demolished, making way for high-quality mixed-use development to be brought forward in accordance with market conditions.

Whilst it is anticipated the preferred option will see the site delivered across five phases, Phase 1 can now be brought forward, pending the decision on the planning application to deliver 259 build to rent units with the ground floor accommodation and ancillary parking. .

The key economic benefits assessed comprise of land value uplift, amenity benefits, employment impacts and distributional benefits. In order to assess the outputs and benefits, the modelling undertaken within the Full Business Case has been based on the full outputs that the scheme may deliver across five phases.

The outputs against which the economic assessment has been undertaken are summarised as follows:

- 224 Residential Units
- Net additional GVA per annum (present value) £143.4 million
- Land value uplift £15.3 million
- Net additional construction jobs 282.
- Amenity benefits 0.7 million
- Distributional benefits 6.7 million.
- 250 Jobs Created

The economic analysis presented in accordance with the outputs and benefits detailed in the table, show an initial BCR of 2.4 and an adjusted BCR of 2.9, both of which identify as generating high value for money.

**Assessors  
Comments**

The Economic Case is focused upon outputs and benefits deliverable against the scheme pending determination by the Local Planning Authority of the Phase 1 scheme and future delivery of Phase 2. The total outputs deliverable by Becketwell are less certain at this time, give the scale of the scheme to be delivered across five phases. Given this uncertainty, outputs assessed have been limited to residential units delivered within Phase 1, land value uplift, amenity benefits, employment impacts in terms of construction jobs from Phase 1 and permanent jobs from Phase 2, along with distributional benefits arising. The approach undertaken is an alternative to focusing on the type of floorspace that may or may not be delivered across a series of additional phases, which as referred is evolving and likely to change over time.

Overall, therefore, the approach taken to assessing the Economic Case shows that the scheme will deliver high value for money and this is considered to be a reasonable assessment given the position of the scheme at this time.

#### 4.0 Summary of Commercial Case

The Commercial Case has been presented to demonstrate the best way of delivering the preferred Becketwell Regeneration Scheme and that this is in accordance with property market conditions, is viable and in accordance with procurement regulations.

The summary of the Commercial Case is presented as follows;

i. Market Assessment

The market assessment has concentrated upon residential, office, hotel and retail use, which are all envisaged to be delivered across the five phases identified within the outline planning permission. Importantly the assessment

has been undertaken in context with the onset of the COVID-19 pandemic, given that there are likely to be long-term and permanent changes to the way people wish to live and work in a post pandemic environment.

The key findings of the market assessment are as follows;

- Residential Market – Property market activity was forced to halt during the first lockdown in early 2020; however, quickly returned to pre-pandemic levels in terms of market activity and values being achieved. An assessment has been undertaken across a number of schemes delivering new units in the city, with the consensus being that many units are being sold off-plan with limited incentives being offered.

Given the shortage of housing supply within the city, the housing market has remained buoyant. There are concerns that with the onset of the recession and subject to how severe and protracted this may be, there may be an adjustment to the housing market; however, at this moment in time, there are no signs of any adjustment taking place. The short to medium term position of the housing market remains difficult to forecast pending the state of the economy in a post pandemic era.

- Office Market – There is an identified lack of Grade A office accommodation within the city centre, which has been a prevalent factor of the office market for the last 20 years. This is because the main focus of office development in the last 20 years has primarily been at Pride Park, outside of the city centre. There have been a number of sites and schemes proposed for major Grade A office development; however, these have failed to materialise even with the existence of public sector funding being available to support viability.

The primary issue with the office market is not due to a lack of demand, in fact, the converse position exists with many office occupiers being in premises that are no longer fit for purpose and in a poor condition. The barrier to new office development relates to the fact that the majority of office occupiers within the city, require shorter term flexible leasehold arrangements typically between three to five years. Developers of new build schemes require to let completed properties on institutional type lease terms typically of a minimum of fifteen years, which is necessary to be able to secure loan finance required to meet costs of delivering a scheme. The potential for new office development to be delivered in accordance with market conditions therefore remains within Derby City.

- Retail – As referred earlier the retail market throughout the country has been undergoing significant changes over the last few years with a change in consumer habits and the predominance of shopping now being undertaken through the internet. The pandemic has also accelerated the downturn in the retail sector, this is evidenced through many companies both large and small filing for administration and disappearing from the high street



The exception to the retail position is that food retailers are the best performing at present, given that they supply essential goods. It is noted that the retail element of the Becketwell scheme is small scale in context with current economic and property market conditions, and likely only to be small convenience retail provided to service the local residents and immediate surrounding communities to the Becketwell area.

ii. Viability Assessment

Consultants, Thomas Lister Limited and Aspinall Verdi have been appointed by Derby City Council and SJS respectively, in order to prepare development appraisals to justify the investment of public sector funding in that this will ensure that a viable scheme is deliverable by the private sector developer.

The Business Case has concentrated on the development appraisal produced by Thomas Lister, which is based upon the outline planning permission for the entire scheme, including the new public realm. The development appraisal prepared was to derive a profit level that would be generated, using an agreed land value between the Council and SJS. The appraisal also incorporated benchmark build costs taken from BCIS to identify total costs of delivering the scheme.

The appraisal demonstrates that the scheme in accordance with the outline planning application is marginally viable. This profit level is considered to be acceptable albeit at the lower end of profit range given that SJS will not be building out the scheme but will be procuring a developer/operator to undertake this directly and therefore will be disposing of land in accordance with planning approvals in place.

Fundamentally, it is acknowledged that the scheme would not be viable without the £13.37 million to be invested by D2N2 LGF and the City Council, which has been factored into the development appraisals. Therefore, the scheme would not be viable without this investment.

iii. Procurement and Contractual Arrangements.

DCC has undertaken an assessment of the proposed procurement and contractual arrangements, based upon the previous developer competition, which saw the appointment of SJS as preferred developer. The delivery of the subsequent phases of the scheme will also be based upon land disposal at market value, with development appraisals produced for each scheme, to justify land value.

SJS have therefore, under the terms of the preferred developer acquired the Debenhams building at market value as assessed by independent consultants. With regard to the public square, this element of the scheme will be transferred to SJS who will be responsible for tendering the works and delivering the scheme. A waiver has been secured to award SJS the public square contract

by Derby City Council and this contract is now in place. It is confirmed that the value of the public square works are below the OJEU tendering threshold.

iv. Implementation Timescales.

It is noted that the acquisitions of the number of buildings within Becketwell has completed as has the subsequent sale of the Debenhams and Colyear Street buildings to SJS.

The demolition of Debenhams is underway and the demolition of the former Pennine Hotel on Colyear Street is due to take place in 2021.

SJS are intending to start Phase 1 works during 2021 along with the demolition of the United Reformed Church building and to commence construction of the public square. It is currently anticipated that Phase 1 residential will be completed by November 2022 and the Public Square by March 2023, although timescales in this regard are still indicative and a detailed programme for delivery required to be provided once planning approval is in place and terms with the investor of the build to rent scheme in place.

v. State Aid

Derby City Council have obtained legal advice from the Council's inhouse legal team and external State Aid specialist. The scheme is deemed to be State Aid compliant because the Council is either disposing or acquiring the land in accordance with market terms or facilitating the delivery of public facilities, which are not considered to be an economic activity for the purposes of State Aid.

**Assessors  
Comments**

It is recognised that market conditions are extremely challenging at this time given the COVID-19 pandemic. Phase 1 of the Becketwell scheme will deliver build to rent housing that does not substantially exist within the city and should therefore meet a gap in market conditions. This also applied to Phase 2 and the provision of managed workspace, which will provide much needed new office stock to the city centre.

The later phases of Becketwell whilst incorporating those sectors which have been particularly hard hit by the pandemic, are likely to be delivered at a time post pandemic when more normal economic, social and market conditions have returned.

The viability of the scheme has been tested by appraisals undertaken by Thomas Lister Limited and Aspinnall Verdi. The findings of this viability testing are to confirm that the scheme is viable with all of the public sector investment from D2N2 LGF and Derby City Council, which should ensure the scheme is deliverable.

	In terms of procurement and State Aid, the Council has sought legal advice as appropriate both in the procurement of SJS and bringing forward Becketwell to implementation stage.
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## 5.0 Summary of Financial Case

The Financial Case as presented primarily focuses upon the public sector investment that has been made and continues to be made in order to undertake the site assembly exercise and enable Phase 1 of the scheme to be delivered.

Total public sector investment into the Becketwell scheme is in the region of £13.4 million. The breakdown of public sector expenditure across the various elements of this scheme is summarised below as follows;

• Land acquisitions and purchases	£7,868,000
• Project Management and Professional	£1,218,000
• Demolition Costs	£2,506,000
• Construction of the Public Square	£1,500,000
• Obtaining Possession of the Retail Units	£279,000
<b>Total</b>	<b>£13,371,000</b>

It is noted that the site assembly of the Becketwell Scheme is 100% public sector funded. LGF is therefore sought £8,100,000, with the balance of £5.3 million being invested by Derby City Council.

With regard to funding and delivery of Phase 1, SJS have progressed with securing an investment purchaser for which Heads of Terms have been agreed for the purchase of the build to rent units on a forward funding basis. This means that the purchaser will agree to acquire the completed scheme and will bankroll the construction of the scheme to provide interim finance enabling the development to take place. It is further confirmed that solicitors are instructed on the draft agreement with the intention being that these are exchanged next year. Upon exchange of the agreements there will be a commitment to deliver the Phase 1 scheme, meaning that D2N2 will then have a commitment to the delivery of the residential housing units.

This also removes financial uncertainty with the delivery of Phase 1, given that SJS will be obligated to deliver the scheme on behalf of the investment purchaser.

<b>Assessors Comments</b>	<p>It is acknowledged that the information within the Financial Case relates to the site assembly process which is completed and the enabling demolition works, these will be fully funded utilising LGF from D2N2 and match funding from Derby City Council, which has been secured.</p> <p>Cost overruns on all future phases have been confirmed as the responsibility of SJS or the Council. Heads of Terms have been</p>
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	<p>agreed for an investment purchaser for phase 1 which decreases the risk of phase 1 outputs.</p> <p>It is acknowledged that Becketwell is intended to be delivered as a series of phases over a number of years. It is further recognised that once Phase 1 is on site, the impending completion of this scheme will help to begin to establish Becketwell as a more desirable location to live and work, which will help encourage further investment and development in later phases of the scheme.</p> <p>The main risk to D2N2 at this time relates to the ability to deliver jobs from the Phase 2 scheme within the programme of the LGF funding. Clawback arrangements will be included within the contracting for the project.</p>
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## 6.0 Summary of Management Case

The Management Case for this project has been detailed in the Full Business Case as follows;

### i. Governance and Management Arrangements

The Becketwell project is being overseen by a Project Board, which is managed by an experienced project delivery team, project manager and project sponsor.

The project board and project management team have defined Terms of Reference, which are regularly reviewed and provide formal governance structure for the project. These arrangements have been put in place to ensure that there is full accountability for the project and that it can progress in accordance with the project brief agreed with the Council's leadership. The governance structure is based on PRINCE2 principles, which is a standard management tool for the delivery of major projects.

In addition, as a major project, Becketwell will also be subject to governance by the Council's Programme Management Office (PMO), which incorporates a 'project gateway' process, being a series of independent reviews at key stages of the project lifecycle aimed at ensuring that the project is successfully delivered.

### ii. Risk Management

A risk register is being maintained and updated for the Becketwell scheme. The risk register is utilised to monitor the scheme and to identify measures to mitigate risk throughout the life of the project. The overall level of risk at this stage with the scheme is considered to be medium. The proactive management and monitoring of the scheme by the Becketwell board will ensure that earlier identification of risk and mitigation measures are also identified wherever possible.

iii. Benefits Realisation Plan (BRP)

A BRP is to be developed to inform the delivery and implementation of the scheme with a focus on delivery, brokering commitment and joint ownership on the part of the key partners.

The aspects of the scheme that have the greatest potential to deliver substantial net benefits, are the creation of employment opportunities and leveraging additional private sector investment.

The BRP will therefore focus on local employment opportunities, adopting a local procurement strategy and engaging with local communities to ensure that benefits generated by Becketwell are disseminated to the immediately surrounding communities and wider city area.

iv. Monitoring and Evaluation

A Monitoring and Evaluation Plan has been established for the project. The plan will review the following matters;

- Progress on financial expenditure and claims
- Progress on output and results
- Audited accounts
- Evaluating performance

A financial schedule will be completed on a quarterly basis along with progress on outputs and outcomes based upon agreed Key Performance Indicators.

**Assessors  
Comments**

The Full Business Case and supporting information provided demonstrates that the scheme is subject to rigorous management, monitoring and evaluation based upon the project board that has been put in place and established process, protocol and procedures that will remain in place throughout the life of the project. No issues have therefore been identified in relation to the Management Case for this project.

**7.0 Sustainability and Inclusion Impacts**

DCC in working with SJS, have demonstrated a strong focus and sustainability and inclusion, given that Becketwell is within one of the most deprived areas of the city and has been in long-term decline.

Therefore, the following principles are being implemented within the scheme, which are summarised as follows;

- The scheme is to be a high-quality design so that Becketwell and the wider city area can evolve as a modern city, improving the life of its communities and residents.
- The Council is committed to realising the vision of a thriving, sustainable economy, that contributes to a more prosperous, better connected and increasingly resilient and competitive city over the long-term.
- The Derby Recovery Plan focuses on developing a holistic approach based on people, place and partnership with local coordination of services, supporting the wider health and wellbeing of its residents.
- The introduction of new uses into the city centre, including residential, will assist in diversifying and repurposing this particular area of the city.
- The Transport Policy also has the ability to impact on sustainability and inclusion through providing an alternative means of transport to those who do not own a car and are dependent on public and other means of transport. Connectivity and accessibility to Becketwell is key if residents and businesses are to be able to get to and from, live and work within this part of the city.

## 8.0 Officer's Recommendations

The recommendation is for £8,100,000 of LGF to be finally approved for the project, subject to compliance with the following condition:

- i. Planning permission to be granted by Derby City Council on the 7<sup>th</sup> of January 2021.

The LEP Officers will also ensure that the following commitments are adhered to as the scheme progresses;

- i. A detailed programme to be provided for the delivery of the Phase 1 scheme, once legal agreements have been agreed with the investment purchaser.
- ii. Any further viability issues arising on Phase 1 are to be underwritten by the Council/SJS to ensure delivery of the scheme as proposed.
- iii. The Council to keep D2N2 informed with the delivery of Phase 2, programme for construction and delivery of outputs.

### Getting Building Fund Checklist

<p>1. A detailed ‘Green Book’ compliant business case has been completed detailing the project and its alignment to the 5 case model. ‘The Checklist’<sup>1</sup> published by HM Treasury is a useful one page guidance paper.</p>	<p>Derby City Council have submitted a Green Book compliant Business Case for the Becketwell project which aligns the 5-case model.</p>
<p>2. A VFM assessment must be completed. This VFM assessment will be independently assessed by D2N2 and must show an overall score of ‘High’.</p>	<p>The Value for Money assessment has confirmed that the project offers a score of High Value for Money</p>
<p>3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.</p>	<p>Hybrid planning permission was granted in September 2020. A Reserved Matters planning application for Phase 1 has been submitted and a decision is expected on the 7<sup>th</sup> January 2021 following a Planning Control Committee meeting.</p>
<p>4. Confirmation that any Section 106 or other agreements have been entered into.</p>	<p>Not applicable to this project</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>In March 2018 St James Securities were selected as the preferred bidder for the former Debenhams building.</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>The demolition of the Debenhams building has already taken place with the demolition of the Pennine Hotel to take place in early 2021 following the award of that contract.</p>

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/190603/Green\\_Book\\_guidance\\_checklist\\_for\\_assessing\\_business\\_cases.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/190603/Green_Book_guidance_checklist_for_assessing_business_cases.pdf)

7. Confirmation that the promoter will be responsible for any variations to the contract price and overruns	Derby City Council are the project promoter and have confirmed they will be responsible for any variations in price.
8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.	Phase 1 of the project is fully designed and beyond RIBA stage 4.
9. Details of any outstanding points preventing/delaying the start-up of the construction contract.	No current delays. Any possible delays due to impact of Covid are being monitored.
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.	At the OBC stage it was proposed that this project would be delivered in five phases. It is now understood from the developer that as the scheme evolves, the phases and outputs are not likely to be delivered in accordance with the outline planning consent and will be delivered based on the market and on the most viable scheme.
11. Confirmation that all funding is now in place with details of the sources of funding.	Derby City Council have confirmed the funding is in place for the project.
12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project	The Council acquired Duckworth Square in 2014 and the former Debenhams building in 2017 (together with miscellaneous properties on Green Lane and Macklin Street). In October 2019, properties on Colyear Street were acquired by the Council. The Council will sell the land within its ownership on a phased basis to SJS.
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.	A phasing plan for the delivery of the individual site elements has been provided by Derby City Council.
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.	The project promoter has submitted an up to date risk register which includes mitigations to the issues identified.
15. The project sponsor must provide details of how this intervention will deliver on sustainability and inclusion	This has been provided and included in section 7 of the main report.



outcomes, including through the procurement and construction of the project.	
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