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Appendix 2

The New Assembly Rooms

Purpose

- 1.1 To approve proposals for the renewal and enhancement of the Assembly Rooms.

Recommendations

- 2.1 To approve the renewal works for the “New Assembly Rooms” as described in paragraph 4.11 with a total capital cost of £24m (funding sources outlined in 7.1) and with the revenue implications outlined in 7.2.
- 2.2 To delegate authority to the Strategic Director for Communities and Place, following consultation with the Strategic Director for Corporate Resources and the Leader of the Council to take all actions necessary to deliver the proposed project, as outlined in paragraph 4.18.
- 2.3 To delegate authority to the Strategic Director for Communities and Place, following consultation with the Strategic Director for Corporate Resources and the Leader of the Council to determine the optimum choice of who will operate the venue, to take all actions necessary to secure an operator and to enter into all necessary contractual arrangements to deliver the project (paragraph 4.15 refers).
- 2.4 To note that the above recommendations are subject to the full approval of the Local Growth Fund 3 funding allocation (paragraph 7.1) by D2N2, the Local Enterprise Partnership.
- 2.5 To note the re-alignment of £13m of capital receipts from the New Swimming Pool to the New Assembly Rooms.

Reasons

- 3.1 To support the delivery of the City Centre Masterplan 2030 objectives.
- 3.2 To deliver Cabinet’s commitment to renew the Assembly Rooms so that the venue can be re-opened to the public as quickly as possible at the lowest possible cost to the Council.

Supporting information

Summary

- 4.1 The project would align to the key priority included in Derby’s City Centre Masterplan 2030. It would be seen as being the focal point for city centre regeneration, a catalyst

for further investment and a key development in terms of developing the cultural offer in the city and the visitor economy.

- 4.2 The Assembly Rooms closed after a fire destroyed the plant room in March 2014. In 2016 the Council's Regeneration service began a series of feasibility studies to explore the optimum future for the site, including extensive public consultation in 2017. In May 2018, a key priority was announced to pursue refurbishment of the existing Assembly Rooms building.
- 4.3 In July 2018, Cabinet requested further investigation into the scope and cost of renewing the Assembly Rooms so that the venue could be re-opened to the public as quickly as possible. External consultancy support was commissioned and this has been provided by 'Perfect Circle' to prepare a feasibility study to inform a decision on how to progress the project.
- 4.4 The feasibility study took place between July and November 2018. The first part of the study included a number of surveys of the building to establish the essential repairs required to bring the building back into use for a minimum 15 year life. The second part of the study explored a number of internal and external building enhancements to improve the look and feel of the Assembly Rooms. Different venue operator models have also been explored.
- 4.5 Two options have been established through the feasibility work. The first option is to only undertake essential repairs. This includes the works required to bring the venue back into use for an estimated minimum 15 year life with an initial project estimated cost of £18.2m. The second option is to deliver all of the essential repairs plus a series of internal and external building enhancements to improve the look and feel of the Assembly Rooms, with an initial project estimated cost of £23m.
- 4.6 This report recommends that the New Assembly Rooms project is progressed on the basis of the enhanced option, up to a maximum capital cost of £24m (which includes a £1m client reserve).

Feasibility Study

- 4.7 In July 2018, Cabinet approved spend on a feasibility study to explore the scope, cost and programme for a renewed Assembly Rooms. The brief for the feasibility outlined the overall ambitions of the project to:
 - To create a 'new look and feel' Assembly Rooms, with a more commercial programme, as quickly as practical at a minimum capital and revenue cost; and
 - To animate and enhance the vitality of the Market Place through the above.
- 4.8 The brief specified that the feasibility study should focus on:
 - The necessary repairs to re-open the building and essential repairs to the car park, working to a minimum 15 year life;
 - Any necessary upgrades to meet current Equalities Act and Health and Safety standards;
 - A series of potential enhancements to the building that could improve the

appearance, customer experience, commerciality and flexibility of the building;
and

- A market assessment and consideration of operating models for the New Assembly Rooms, with the objective of a more commercial programme.

4.9 At the end of July 2018, the Council appointed a project team via the Scape National Framework to deliver the feasibility work through the Royal Institute of British Architects (RIBA) stages 0 (Strategic Definition) and 1 (Preparation and Brief). The multi-disciplinary consultant team has been sourced from the Perfect Circle Joint Venture (Pick Everard, Gleeds and AECOM) and included IPW, as leisure / culture venue industry expert. The first part of the feasibility study completed a number of surveys of the building to establish the essential repairs required to bring the building back into use for a minimum 15 year life. The second part of the study explored a number of internal and external building enhancements to upgrade and modernise the look and feel to the Assembly Rooms and improve the relationship between the building and the Market Place. Different venue operator models were also explored and stakeholder engagement was carried out with councillors, businesses and culture/leisure partner organisations.

4.10 Two options have been established through the feasibility work. The first option is to only undertake essential repairs to the Assembly Rooms and car park to a minimum 15 year working life with a total projected cost of £18.2m. Based on the findings of the surveys and consideration of compliance issues, the feasibility recommends the following essential works to bring the venue back into use, with a focus on replacing the mechanical and electrical equipment damaged by the March 2014 fire:

- Replacement of the mechanical and electrical equipment damaged by the March 2014 fire including a new plant room on the roof of the Assembly Rooms car park and rewiring of the building, only where required and necessary;
- Fixtures, Fittings & Equipment including the provision of new specialist equipment for future operation of the venue (including stage lighting, audio and video);
- Internal finishes;
- Repairs to the Assembly Rooms main building; and
- An allowance for asbestos removal and disposal.

4.11 The second option is to deliver a series of enhancement works to improve the look and feel of the Assembly Rooms in addition to the essential repairs detailed in paragraph 4.10 above. The total projected cost of both essential and enhancement works is £23m and includes the following enhancements:

- Remodel of ground floor frontages facing the Market Place (currently occupied by the 'Ask Italian' restaurant, the former police station and the Tourist Information Office) to provide additional commercial space. This will ensure the building is better integrated with the Market Place;
- Installation of new solar glazing on the first floor level facing the Market Place including removal of existing brie soleil (fins) to provide clearer views in and out

of the Assembly Rooms;

- Remodel the entrance to the Assembly Rooms through opening up the doorway and side screens to incorporate into a new enlarged lobby area;
- Improvements to the lounge area at the Civic Level including new floor finishes, lighting, decoration and new seating/tables;
- Enhancements to the Darwin Suite including construction of a glazed partition across the length of the function room, redecoration and new lighting. The capacity of the Darwin Suite will remain at a maximum capacity of 500 standing and 300 seated;
- Improvements to the Assembly Rooms car park elevations including the addition of vertical timber cladding to the Assembly Rooms;
- Refurbishment of the bar areas and front of house toilets throughout the Assembly Rooms;
- Refurbishment of the existing 1,200 seats in the Great Hall; and
- Remodel of loading bay doors to increase the height and width where possible and enhancement of the forestage lift.

4.12 The above works will not increase the capacity of the venue. The capacity of the Great Hall will remain as:

- 1,050 for most events rising to 1,200 where all seats to the rear and side are made available for use; and
- 1,800 where standing is permitted on the floor and seating in the balcony.

4.13 In addition to the enhancements outlined in paragraph 4.11 the feasibility study, has also introduced a concept to cover over and improve the vehicle entrance area from Full Street and vastly improve the arrival experience for visitors. This idea merits further investigation. Therefore it is recommended that further work to design and cost this idea is included in the next stage of design. This could be funded by utilising an element of the £1m client reserve included in the proposed budget should it not be needed to fund the main scheme.

4.14 An indicative programme has been prepared as part of the feasibility study, showing construction works commencing in September 2019 with a target date for opening the venue of Autumn 2020. There could be opportunities for bringing this date forward by undertaking essential and enhancement works in parallel and these will be explored during the next stage of design.

Future operation of the Assembly Rooms

4.15 The project board is considering who should operate the venue. The options include the use of Derby LIVE or an external operator which could be some form of trust organisation or a private operator. The project board is considering what is in the best interests of the city in line with the leisure and culture options appraisal. If the Council

pursue an external operator, then this will involve a procurement procedure.

Outcomes and benefits

- 4.16 The enhanced New Assembly Rooms option is expected to achieve the following outcomes:
- The Assembly Rooms is reopened for cultural and business events, boosting the city's offer and improving facilities for businesses and visitors;
 - Creating a new, modernised and vibrant look and feel Assembly Rooms that will enliven the Market Place through external enhancements particularly on the ground floor, including new commercial units;
 - Boosting the City Centre economy through increasing the number of people visiting the City Centre who are then likely to spend on food, drink, retail, accommodation and parking/travel. The majority of this can be captured by the city's retailers and businesses;
 - Catalysing regeneration by stimulating investment in the wider Cathedral Quarter; and
 - Delivery of the City Centre Masterplan's key priority.
- 4.17 The enhanced New Assembly Rooms option is expected to achieve the following benefits:
- Delivery of a commercially focussed programme of cultural and business events in the reopened venue. The Assembly Rooms feasibility study indicates there is potential for the venue to host around 284 events per annum comprising rock and pop concerts, comedy, family/theatre shows, the pantomime, exhibitions, corporate events and conferences;
 - Increase in the number of visitors to the City Centre to attend cultural and business events (164,000 attendees per annum in a mature year);
 - Job creation during construction (308 jobs), venue operation (18 jobs) and jobs supported by off-site visitor spend (35 jobs); and
 - Generation of additional economic benefit.

Next steps

- 4.18 To progress the project, it is proposed to carry out the following work.
- Further design work on the enhanced option to take the project through the RIBA stages 2 (Concept Design), 3 (Developed Design) and 4 (Technical Design).
 - Further detailed building inspections and surveys to explore the project cost

and programme for delivery in more detail.

- In order to deliver this work, the Council will procure a design team incorporating the full range of disciplines and specialisms required for the project.
- Securing planning permission.
- Procuring a contractor to deliver the works.
- Preparing a full business case for the project incorporating the results from all the actions described above and signing this off to proceed with delivery.
- Subject to the final tender price being within budget, entering into the necessary contractual arrangements to deliver the project.

Major Project Risks

- 4.19 A risk register will be prepared, monitored and regularly updated during the lifespan of the project. A number of major risks have been identified, which could impact on the project. These are set out in the table below.

Risk	Mitigation
1. Pre-construction contract costs exceed budget.	<ul style="list-style-type: none">- At the full business case gateway approval the decision could be taken not to proceed with the project should the risks be considered to be high (with aborted costs of circa £2 million).- Independent technical and quantity surveyor advice has been provided as part of the feasibility study that has led to determining the capital cost for the project.- Further detailed and intrusive building surveys (including an Asbestos Refurbishment and Development Survey and intrusive structural assessment) to be undertaken early in the next stage of work to confirm assumptions made during feasibility study.- A risk allowance of £2.59m is included in the capital cost budget with an additional client contingency of £1m.
2. Construction contract cost over-run.	<ul style="list-style-type: none">- The works contract will be tightly managed jointly by the Property Design and Maintenance department and an external employer's agent.- A risk allowance of £2.59m is included in

	the capital cost budget with an additional client contingency of £1m.
3. The project may take longer to complete than anticipated. Equally, there may be opportunities to complete the project quicker than anticipated.	<ul style="list-style-type: none"> - The indicative programme prepared for the project is based on advice from the consultant team engaged to undertake the project. - The programme will be continually reviewed by the project team as the project progresses to ensure that design and construction phases of work remain focused and driven. - The programme will be continually reviewed to identify potential mitigation such as parallel delivery and/or phasing of the works.
4. Securing vacant possession of the Assembly Rooms areas currently occupied: <ul style="list-style-type: none"> • Cost of securing vacant possession could be higher than anticipated. • Time taken to secure vacant possession causes delays to commence construction works. 	<ul style="list-style-type: none"> - Discussions have taken place over the past few months with building occupiers. - Further close working with building occupiers with the aim of securing vacant possession of the building in time for commencing construction works.
5. Preferred operator model cannot be delivered to meet Council's expectations.	<ul style="list-style-type: none"> - The Project Board will consider the risks associated with the various operator models when determining the operator for the venue.
6. Commercially driven focus of the venue not acceptable to stakeholders.	<ul style="list-style-type: none"> - Further work required once operator model for the venue has been determined for the venue.

Public/stakeholder engagement

- 5.1 As part of the refurbishment feasibility study detailed above, extensive stakeholder engagement took place to explore the key challenges and opportunities with the Assembly Rooms, how the new Assembly Rooms can complement and enhance the wider cultural and business offer in the city and how the venue can contribute towards city centre regeneration. The engagement took the form of a series of meetings during the feasibility study and involved key cultural stakeholders/partners, local business representatives and councillors.

5.2 The key findings from the stakeholder engagement are summarised below.

- The city needs a venue to fill a gap in its cultural infrastructure.
- A re-opened Assembly Rooms must offer more than it did previously with an improvement to the facilities and feel required.
- The venue must contribute to making the Market Place a destination, and therefore engage with Quad and the Guildhall Theatre.
- There is a desire for access/usage by arts, cultural and community groups.
- A collaborative approach is essential for a successful reopening of the Assembly Rooms, and the operational model should be tuned to the city's best interest. This should include collaboration with a number of different cultural stakeholders across the city, utilising the expertise that these parties have developed to enhance the cultural offer of the Assembly Rooms, and the city as a whole.
- The venue (and its operation) should be part of a joined up, strategic approach, to delivery of arts and culture in the city.

5.3 Ongoing engagement with the public and stakeholders will take place as the project progresses through the next stage.

Other options

- 6.1 Since the building was closed in March 2014, a number of options have been considered including selling the site for an alternative use, a new build venue (1,500 capacity Lyric Theatre or a 3,000 capacity Music and Performance Venue) and an outdoor events portal. The council decided to progress the 3,000 Music and Performance Venue new build venue in January 2018. This was a delegated decision following public consultation based on the October 2017 cabinet report for the Performance Venue. In July 2018, cabinet approved further feasibility work to consider refurbishment options only. The outcome from this work is contained in this report. These options have not been pursued further given that in July 2018 Cabinet restricted further work on the project to consider refurbishment options only.
- 6.2 It should be noted that the Derby Renaissance Board recently have made a number of challenging representations about the current proposals. The Cabinet decision in July was to pursue feasibility work with a view to refurbishing the Assembly Rooms in order that it can be re-opened to the public as quickly as possible at the lowest possible cost to the Council.
- 6.3 The two main options explored through the Assembly Rooms feasibility study are set out in paragraphs 4.10 and 4.11.
- 6.4 Do nothing is a further option, where the Assembly Rooms remains closed with the Council undertaking essential maintenance on the building as required. The fire damage caused to the Assembly Rooms in March 2014 has left the building redundant and the building has not been used for over four years. Doing nothing is not an option or the building will remain closed and will not support delivery of the City Centre Masterplan 2030.

Financial and value for money issues

- 7.1 The cost of the proposed enhanced option is £23m. It is proposed to include a £1m client reserve and to fund this from the following sources:

Funding Sources	£m
*Capital receipts	13.0
Grant from Local Enterprise Partnership (LEP) – still to be confirmed, subject to D2N2 approval	4.5
Balance of Assembly Rooms Insurance Reserve	0.8
**Business Rates Pool/ Capital contributions/ Corporate reserves/ Contribution from discretionary 1% council tax rise 2018/19 and 2019/20 not yet committed.	5.7
Total Funding	24

*The Capital Receipts funding source has previously been aligned to the swimming pool but will now be re-aligned to the Assembly Rooms.

**The Business Rates Pool funding is subject to agreement by the D2 Economic Prosperity Committee Business Rates Panel.

- 7.2 A financial business plan based on an external operator running the venue has been produced as part of the feasibility study. The table below identifies the estimated total revenue cost to the Council up to 2022/23.

	2018/19	2019/20	2020/21	2021/22	2022/23
Year (£000's)	0	1	2	3	4
In year revenue cost		318	753	716	447
Funding					
19/20 funding in place as part of proposed 2019/20 – 2022/23 MTFP		318	490	490	294
Current residual budget			76	153	153
Balance of funding still to find	0	0	187	73	0

- 7.3 The total estimated in year revenue cost from year 5 (2023/24) is £311k, which would be the first full mature year for the venue.

Legal implications

- 8.1 There are no specific legal implications arising from this report. Legal Services will provide advice and support in relation to procurement procedures and contractual terms for appointment for key contractors. In addition, ongoing support and advice is provided in relation to compliance with funding conditions and to ensure overall project governance.

Other significant implications

Property implications

- 9.1 The design and specifications for the renewal and enhancement of the Assembly Rooms aims to deliver a substantially improved and modernised asset to provide a full range of cultural, community and commercial benefits in the city for the long term.
- 9.2 In parallel with the procurement of construction works, the project will work through options to establish a sustainable business plan and operating model. This will include negotiating terms for granting a lease that sets out responsibilities for repairs, maintenance and renewals.
- 9.3 To ensure the renewed asset remains fit for purpose, the project has adopted a life cycle approach to dealing with periodic equipment replacements and planned structural maintenance. Responsibilities for day to day repairs, compliance and preventive maintenance will be assigned to the operator as the lessee (if the Council decide to appoint an external operator). The Council as the Landlord will retain responsibility for structural repairs and periodic renewals. The financial implications therefore include a landlord's maintenance budget which will be operated as a fund to meet the landlord's obligations that arise over the minimum life of the building.
- 9.4 This report identifies a number of construction, property and commercial risks for which mitigation actions are planned and appropriate control measures will be established.

Equalities Impact

- 9.5 A comprehensive access audit has been completed and shared with our Disability Equality Hub members. The project will work through the recommendations which include improvements and safety for disabled people in the car park, including the lift, internal improvements to the building and the surrounding outside area.
- 9.6 An equality impact assessment will be completed and updated as the project progresses involving our Equality Hub members, Employee Network members, 50 + Forum, Learning Difficulties Partnership Board and Voices in Action.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan (Principal Lawyer)	27/11/2018
Finance	Amanda Fletcher (Head of Finance for Communities and Place)	30/11/2018
Service Director	Greg Jennings (Director of Development & Growth)	03/12/2018
Report sponsors	Christine Durrant (Strategic Director for Communities and Place)	28/11/1028
	Don McLure (Strategic Director of Corporate Resources)	29/11/2018
Others	Catherine Williams (Head of Service Regeneration Projects)	03/12/2018
	Ann Webster (Equality and Diversity Lead)	27/11/2018
	Zoe Bird (HR Shared Services Manager)	27/11/2018
	Heather Greenan (Head of Performance and Intelligence)	30/11/2018

Background Papers	Council Cabinet 4 th October 2017: Item 12 Derby Performance Venue – Progressing the Project to the Next Stage
	Council Cabinet 18 th July 2018: Item 15 Compliance with Contract and Financial Procedure Rules