

Regeneration Capital Programme 2013-16

SUMMARY

- 1.1 The Council's Capital Programme 2013/14-2015/16 was approved at 23rd January Cabinet, which included a Regeneration programme.
- 1.2 This report provides a breakdown of the projects included in the 2013-16 Regeneration Capital Programme and the corresponding budget allocation.
- 1.3 The report also provides a breakdown of how the Regeneration Capital Programme will be monitored and reviewed throughout the 2013-16 period ensuring it is managed pro-actively to deliver best value for money for the Council.
- 1.4 Alongside the 2013-16 Programme information there is also an overview of progress and success of the 2012-13 programme.
- 1.5 If the Capital Programme is implemented in full, as proposed, the Council will be investing £66.7m over three years. This should produce over £250m in levered investment, substantial construction jobs and longer term job opportunities depending upon each individual project.

RECOMMENDATION

- 2.1 To approve the re-profiled Regeneration Capital Programme 2013-16 and amend the Council's Corporate Capital Programme 2013-2016 accordingly excluding external funding bids until formal approval has been received.
- 2.2 To approve the allocation of a further £780,000 to Magistrates' Court from the Regeneration Fund as detailed in Paragraph 4.8 and Appendix 4, subject also to the twin tracking of a European Regional Development Fund (ERDF) request, and to amend the Council's Corporate Capital programme 2013-2016 accordingly.
- 2.3 To delegate delivery of the programme to the Chief Executive.
- 2.4 To give delegated authority to the Chief Executive, in consultation with the Leader of the Council, to respond to changing priorities throughout the year by introducing new schemes or bringing forward the implementation of some schemes at the expense of others, in accordance with the limits specified within the Financial Procedure Rules.

REASONS FOR RECOMMENDATION

- 3.1 The 2013-16 programme has been put together to build on the progress and success achieved in the 2012-13 programme to ensure individual projects enjoy continuity of delivery and to continue the momentum of regeneration in Derby.
- 3.2 The Regeneration Capital Programme monitoring systems are now all in place and working effectively to ensure that project managers regularly report on their progress and highlight any variations to the existing spend profile for their projects. The 2013-16 programme will also be tested for deliverability at an early stage, based on the preparatory work completed on several projects as part of the 2012-13 programme.
- 3.3 Delegated authority is given to the Regeneration Programme Board in conjunction with the Cabinet member to make changes to the capital budgets in accordance with the Financial Procedure Rules.

SUPPORTING INFORMATION

- 4.1 In order to more easily monitor and review the Regeneration Capital Programme 2013-16 the projects have been grouped into five sub-programme areas:
 1. City Centre Regeneration Framework (CCRF)
To cover city centre focussed activity including public realm schemes
 2. Regeneration Fund
To support major developments across the city in partnership with private developers and landowners, often through the provision of repayable loans to kickstart work, e.g. Friar Gate Square
 3. Strategic Projects Match Funding
To provide match funding for major schemes which have secured funds from elsewhere, such as the Global Technology Campus, from Regional Growth Fund (RGF)
 4. Osmaston Vision
To regenerate an area facing significant difficulties in terms of housing market failure and low aspirations, including developing new homes, community facilities and refurbishing the primary school
 5. Castleward
To support the development of an urban village to create 800 homes in the heart of the city, together with a new boulevard linking the city centre with the railway station

This allows the monitoring process to focus more specifically on different areas of the programme and will make reporting to Cabinet more straightforward.

- 4.2 The detail of the projects within each category can be seen in Appendix 2. The overall programme is overseen by the Regeneration Capital Programme Board, led by the Director of Regeneration to review progress on project delivery and spend, and to highlight any areas of concern. A structure chart showing the Regeneration Capital Programme Reporting and Monitoring process can be found in Appendix 5. Members should note that this chart covers reporting and monitoring of spend, rather than project delivery, as each project has its own governance arrangement for progress.

- 4.3 Within the Regeneration Projects Team the programme will be monitored on a monthly basis at a meeting attended by all the individual project managers to review progress and spend to date, and to identify any variation to the predicted quarterly spend profile agreed at the beginning of the financial year.
- 4.4 This process alongside the Strategic Asset Management Board meetings will ensure the programme is closely monitored and any changes to the spend profile are reported back and agreed at the earliest opportunity.
- 4.5 The budget for each project has been allocated based on feasibility work carried out in the 2012-13 programme, which has informed expected cost, timescale and deliverability, and allows the Regeneration Programme Board to make more informed decisions than has previously been possible.
- 4.6 This programme will build on the many successes and progress on significant projects the Regeneration 2012-13 Programme has delivered including:
- Friar Gate Square completion
 - Derby Station Transport Interchange completion
 - Corporation Street completion
 - Regional Growth Funding (RGF) Secured
 - The progression of the Global Technology Campus (GTC) and Innovation Centre projects progressing
 - City Centre Regeneration Framework (CCRF) has developed many projects, which are now ready to be implemented in 2013-14
 - Cathedral Quarter Enterprise Centre, (CQEC), commencement with an anticipated opening in May 2014
 - Magistrates' Court has an agreement in place to allow works to commence in readiness for the opening in Summer 2014
 - Castleward is on site with the first homes expected to be complete in September 2013
 - Hero has significantly expanded their operation and a number of employees in Derby following support from the Regeneration Fund to allow them to take on the vacant Egg building at Pride Park

There is another report to this Cabinet, on the Council's Regeneration Fund. The first phase of 'the Fund', between November 2010 and 31 March 2013 had the following targets: 20,000 sq.m office floor space, £75m private sector investment and 500 jobs safeguarded or secured. The outputs achieved considerably exceeded these targets, including over 1,200 jobs safeguarded or secured.

4.7 Members agreed on 23rd January 2013 an additional £7.5 million to support the Regeneration Capital Programme. This has been allocated to the following projects:

- Magistrates' Court - £780,000 (additional)
- Friar Gate Square Phase 2 - £435,546
- Strategically Important Site Purchase, Raynesway - £3,620,000
- (Connect – Cathedral Quarter Enterprise Centre (CQEC) - £200,000 (additional)
- Darley Abbey Stable Block - £37,099 (additional)
- Rose Hill Business Centre - £800,000
- LightSpeed Derby - £40,000 (additional)
- The Spot - £820,000 (additional)
- Townscape Heritage Initiative (THI) - £200,000
- Sadler Gate Bridge – £160,000
- City of Light - £50,000 (additional)
- Time Trail - £100,000
- Talking Heads - £20,000
- Building Frontage Enhancement Scheme - £100,000 (additional)
- Queen Street Shop Front Improvements - £25,650

4.8 If the Capital Programme is implemented in full, as proposed, the Council will be investing £66.7m over three years. This should produce over £250m in levered investment, substantial construction jobs and longer term job opportunities depending upon each individual project.

4.9 Members agreed on 17 October 2012 to acquire the Magistrates Court from Wilson Bowden. There is now a shortfall in the project as detailed in Appendix 4. Following extensive discussions with Wilson Bowden regarding a way forward to progress the redevelopment of the Magistrates Court the building will be acquired for the nominal sum of £1.00. All the options considered for this project are detailed in Appendix 4.

OTHER OPTIONS CONSIDERED

5.1 This programme forms the most appropriate use of Capital Funds to build on the achievements of the Regeneration Directorate to date, and will continue to deliver high quality schemes to improve the perception and attractiveness of Derby as a place to live, work and shop into the future.

This report has been approved by the following officers:

Legal officer	Janie Berry
Financial officer	Nicola Goodacre
Human Resources officer	N/A
Estates/Property officer	Steve Meynell

Service Director(s) Other(s)	Richard Williams Greg Jennings, Christine Durrant, Alan Smith
For more information contact: Background papers: List of appendices:	Sarah Troman 01332 641615 sarah.troman@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Breakdown of Regeneration Capital Programme 2013-16 Appendix 3 – Overview of Individual Projects Appendix 4 – Magistrates’ Court Appendix 5 – Regeneration Programme Reporting and Monitoring Structure

IMPLICATIONS

Financial and Value for Money

- 1.1 The Regeneration Capital Programme will be monitored and delivered in accordance with Contact and Financial Procedure Rules. Delegated Authority is given to the Regeneration Programme Board to make changes within the programme area within the limits specified within the Financial Procedure Rules.
- 1.2 Changes to funding and the spend profile shall be reported to the programme board and Strategic Asset Management Board with final approval requested at Cabinet.
- 1.3 The Regeneration Capital Programme 2013/14 – 2015/16 has been reviewed and re-profiled and the Councils Corporate Capital Programme will be amended accordingly.

Legal

- 2.1 Legal implications for individual projects will be assessed and acted upon as required.

Personnel

- 3.1 N/A

Equalities Impact

- 4.1 N/A

Health and Safety

- 5.1 N/A

Environmental Sustainability

- 6.1 N/A

Property and Asset Management

- 7.1 Property and asset implications for individual projects will be assessed as required with full involvement of the Estates Team where appropriate.

Risk Management

- 8.1 Risk management forms a key part of the project and programme management roles within the Regeneration structure, and are updated and reported regularly through the appropriate mechanism, (see Appendix 5)

Corporate objectives and priorities for change

- 9.1 This programme will contribute towards achieving the following corporate objectives:
- A thriving sustainable economy
 - Being safe and feeling safe
 - A strong community
 - An active cultural life

Appendix 2

BREAKDOWN OF REGENERATION CAPITAL PROGRAMME 2013-16

1. CCRF	Previous Years	2013-14	2014-15	2015-16	2013-16 Total	Future Years	Project Total
The Spot (Phase 1)	£23,880	£106,120	£500,000	£220,000	£826,120	£0	£850,000
Becket Well	£0	£0	£850,000	£0	£850,000	£0	£850,000
St. Peter's Cross	£49,956	£515,044	£546,250	£0	£1,061,294	£0	£1,111,250
Riverside II and III (Path between Ring Road and Roundhouse)	£41,225	£272,000	£466,775	£0	£738,775	£0	£780,000
Tunnel Lighting Phase 1	£15,303	£84,697	£0	£0	£84,697	£0	£100,000
Blank Canvasses	£47,340	£52,660	£50,000	£0	£102,660	£0	£150,000
City of Light (Infrastructure for events and lighting)	£25,133	£89,867	£50,000	£50,000	£189,867	£0	£215,000
Swimming Pool Connectivity	£0	£30,000	£0	£0	£30,000	£0	£30,000
Six Ways Gateway (Burton Road/Normanton Road Junction)	£0	£30,000	£0	£0	£30,000	£0	£30,000
Wayfinding Structures (Castleward)	£49,945	£12,000	£0	£0	£12,000	£0	£61,945
Wayfinding 3	£8,444	£2,000	£0	£0	£2,000	£0	£10,444
Derby Station Interchange	£2,717,633	£93,000	£0	£0	£93,000	£0	£2,810,633
Morledge Shopfronts	£25,868	£80,132	£0	£0	£80,132	£0	£106,000
Building Frontage Enhancement	£1,553,425	£227,344	£0	£0	£227,344	£0	£1,780,769
Townscape Heritage Initiative	£0	£0	£100,000	£100,000	£200,000	£0	£200,000
Derby Station Area Building Frontage Enhancement	£18,130	£81,870	£0	£0	£81,870	£0	£100,000
Alvaston District Centre		£369,000	£1,831,000	£0	£2,200,000	£0	£2,200,000
District Centre Enhancement Programme		£0	£150,000	£1,100,000	£1,250,000	£0	£1,250,000
Speakers' Corner (Phase 2)	£0	£20,000	£0	£0	£20,000	£0	£20,000
Time Trail	£0	£30,000	£30,000	£40,000	£100,000	£0	£100,000
Sadler Gate Bridge	£0	£78,140	£60,000	£0	£138,140	£0	£138,140
Project Development Fund (East Street Quadrant 2013-14)	£16,977	£33,023	£25,000	£0	£58,023	£0	£75,000
Regeneration Projects Team Management	£48,996	£56,004	£60,000	£0	£116,004	£0	£165,000
CCRF Sub-Total	£4,642,255	£2,262,901	£4,719,025	£1,510,000	£8,491,926	£0	£13,134,181

2. Regeneration Fund	Previous Years	2013-14	2014-15	2015-16	2013-16 Total	Future Years	Project Total
Darley Abbey Stable Block	£7,099	£200,000	£0	£0	£200,000	£0	£207,099
Full Street (Demolition)	£0	£100,000	£0	£0	£100,000	£0	£100,000
Roman House	£0	£100,000	£0	£0	£100,000	£0	£100,000
Strategic Site Purchase Raynesway	£0	£2,332,000	£1,288,000	£0	£3,620,000	£0	£3,620,000
Friar Gate Square Phase 2	£0	£0	£435,546	£0	£435,546	£0	£435,546
Connect - Former Magistrates' Court	£39,547	£850,000	£3,185,000	£0	£4,035,000	£0	£4,074,547
Connect - Cathedral Quarter Enterprise Centre	£615,747	£3,513,918	£87,236	£0	£3,601,154	£0	£4,216,901
Connect - Kings' Chambers	£35,069	£484,176	£450,000	£0	£934,176	£0	£969,245
Connect - Shot Tower Corner	£0	£50,000	£644,217	£0	£694,217	£0	£694,217
Queen Street shopfronts Match	£0	£25,650	£0	£0	£25,650	£0	£25,650
Regeneration Fund Sub-Total	£697,462	£7,655,744	£6,089,999	£0	£13,745,743	£0	£14,443,205

NB This is not an exhaustive list of projects supported by the Regeneration Fund. More detail can be found in the separate Regeneration Fund Review Cabinet Paper on this agenda.

3. Strategic Projects Match Funding	Previous Years	2013-14	2014-15	2015-16	2013-16 Total	Future Years	Project Total
LightSpeed Derby	£84,218	£97,290	£0	£0	£97,290	£0	£181,508
Global Technology Campus Infrastructure	£429,143	£5,634,595	£9,703,472	£0	£15,338,067	£0	£15,767,210
Innovation Centre	£0	£742,300	£9,733,400	£1,024,300	£11,500,000	£0	£11,500,000
Global Technology Campus Development Fund	£0	£0	£0	£1,050,000	£1,050,000	£0	£1,050,000
Friar Gate Studios Refurbishment	£394,080	£469,762	£0	£0	£469,762	£0	£863,842
Strategic Projects Match Funding Sub-Total	£907,441	£6,943,947	£19,436,872	£2,074,300	£28,455,119	£0	£29,362,560

4. Osmaston Vision	Previous Years	2013-14	2014-15	2015-16	2013-16 Total	Future Years	Project Total
Osmaston Primary School	£3,519	£236,481	£250,000	£4,967,000	£5,453,481	£0	£5,457,000
Osmaston Vision Programme	£60,895	£123,475	£0	£0	£123,475	£0	£184,370
Growth Points Affordable Housing	£55,896	£24,459	£0	£0	£24,459	£0	£80,355
Marble Hall	£10,673	£14,327	£0	£0	£14,327	£0	£25,000
Community Led Development (Elton Road Quadrant)	£0	£1,200,000	£2,389,000	£0	£3,589,000	£0	£3,589,000
Osmaston Sub-Total	£130,983	£1,598,742	£2,639,000	£4,967,000	£9,204,742	£0	£9,335,725

5. Castleward	Previous Years	2013-14	2014-15	2015-16	2013-16 Total	Future Years	Project Total
Castleward Boulevard	£0	£290,000	£0	£0	£290,000	£0	£290,000
Castleward Enhancement of Public Square	£0	£0	£0	£100,000	£0	£0	£100,000
Castleward Sub-Total	£0	£290,000	£0	£100,000	£290,000	£0	£390,000

Programme Total	£6,378,141	£18,751,334	£32,884,896	£8,651,300	£60,187,530	£0	£66,665,671
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Additional Pipeline Project	Previous Years	2013-14	2014-15	2015-16	2013-16 Total	Future Years	Project Total
Connect - Rose Hill Business Centre (ERDF has not yet been confirmed and £727,748 DCC match to be identified)	£0	£977,777	£1,000,000	£0	£1,977,777	£0	£1,977,777
Internet Exchange (I3E) (Urban Broadband funding £2.5million approved, ERDF Funding not yet been confirmed)	£0	£500,000	£2,000,000	£0	£2,500,000	£0	£2,500,000
Marble Hall Works (Rolls Royce Funds £574,000 approved, ERDF Funds yet to be confirmed)	£0	£600,000	£1,000,000	£0	£1,600,000	£0	£1,600,000

OVERVIEW OF INDIVIDUAL PROJECTS
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1. City Centre Regeneration Framework (CCRF)**The Spot**

- This project aims to enhance the built environment and improve the accessibility of this key open space in the southern part of the city centre by working in partnership with various stakeholders, businesses and funders leading to an increase in the level of inward investment (number of sales and rentals of properties) in the area.

Becket Well

- Officers are working closely with the landowners and potential developers to bring about a viable scheme for this key site within the city centre.

St. Peter's Cross

- This project seeks to enhance the built environment of this key node on a busy pedestrianised retail street in Derby city centre by improving the public realm, street surfacing, lighting of surrounding historic buildings, the link bridge between Westfield and the Audley Centre, installing creative public art works, organising events and developing an innovative place management strategy.

Riverside II and III (Path between Ring Road and Roundhouse)

- Riverside II designs and delivers on site improvements, to south riverside route between Silk Mill and Derwent Street, to include ramp from riverside path up to Derwent Street; on site after Magistrate's court refurbishment is complete; Riverside III designs and delivers improvements to south riverside route for all users, between Holmes bridge underpass and railway station/roundhouse, and includes improved connections from Bass' Rec to the city centre via Cockpitt underpass.

Tunnel Vision

- To enhance the built, virtual and social environment of the underpass beneath Holmes Bridge, and give concept ideas for 7 other underpasses. Working in partnership with various stakeholders, including young people and the Community Safety Partnership, the project is artist lead and includes LED lighting and power by a water turbine close to the hydro.

Blank Canvasses

- This project aims to produce a series of art works to be displayed on the roundabout, gable ends of the buildings facing the ring road and in the residual open spaces along the ring road by working with the communities and businesses in the area.

City of Light (Infrastructure for events and lighting)

- This project seeks to produce a strategy for design, provision and maintenance of lighting of streets, buildings and open spaces in the public realm of the city centre.

Swimming Pool Connectivity

- To supplement the work on the design of the swimming pool, to ensure the pool design is adaptable to the future needs of flood risk, in terms of bunds or otherwise in the Riverside gardens, through a package of Landscape Architect's design work. In addition supplementary work will ensure that that, the design of the gardens and pool accommodate a future bridge to north riverside.

Six Ways Gateway (Burton Road/Normanton Road Junction)

- To carry out an initial design study to scope out all issues, identify opportunities and establish the extent of improvements needed to enhance the area around and including the Six-ways roundabout.

Wayfinding Structures (Castleward)

- To adapt the city centre design of Wayfinding Signs, for the fabrication and installation of a number of signs within Castleward development, which are to be part of the "family" of city centre signs, but also distinctive to Castleward.

Wayfinding 3

- Launching a number of "digital initiatives" <http://www.happyciti.com> which will investigate how technology can be used to influence our engagement with, participation in, and experience of the city. Revolutionary Journeys builds upon the lessons learned from the current city-wide interpretive storytelling scheme, and provides new ways to help you to explore and discover more about our city using your mobile phone. Take the City lets you capture through photography the things you like about our city, the things about other cities that inspire you, and the things about our city that you would like to change.

Derby Station Interchange

- Work to improve the linkage between the railway station and other modes of transport including buses, taxis, cars and cycles.

Morledge Shopfronts

- Grant scheme to reinstate historic shopfronts in this very prominent part of the city adjacent to the Council House.

Building Frontage Enhancement Scheme

- Grant scheme to reinstate historic shopfronts in the conservation areas of the city centre, (English Heritage).

Townscape Heritage Initiative (THI)

- Grant scheme to reinstate historic shopfronts in the conservation areas of the city centre, (Heritage Lottery Fund).

Derby Station Area Building Frontage Enhancement

- Grant scheme to reinstate historic shopfronts in this very prominent part of the city to build on the success of the station improvement works.

Alvaston District Centre

- Complete the improvements in the district centre with new paving, street furniture and lighting, car parking and public art to improve local accessibility and the attractiveness of shopping in the area.

District Centre Enhancement Programme

- This project proposes a co-ordinate approach to carry out a series of measures required to improve and reinforce the offer and appearance of the district centres.

Speakers' Corner Phase 2

- Additional public art at this important piece of public realm. The artwork is being designed in keeping with the purpose of public speaking and in the form of Talking Heads.

Time Trail

- This project aims to prepare a framework for creating a distinct identity of Derby through provision of interactive public art in both public and private sector led developments in Derby.

Sadler Gate Bridge

- Public Realm improvements to enhance the setting of the Cathedral Quarter Enterprise Centre and improve conditions for pedestrians.

Project Development Fund

- This is to facilitate the development of future projects.

Regeneration Projects Team Management

- Time for managing the overall CCRF Action Plan and project management for specific projects.

2. Regeneration Fund

Darley Abbey Stable Block

- Financially supporting the regeneration and re-use as offices and studios, of the derelict stable block at the north end of Darley Park.

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Full Street (Demolition)

- A loan to enable the developers to submit a planning application for the redevelopment of the premises to form a hotel and to demolish the existing buildings.

Roman House

- Following the reopening of the Council House a detailed planning application had been made for a refurbishment scheme of Roman House.

Friar Gate Square Phase 2

- A loan in relation to construction costs for the construction of phase 2 office accommodation at Friar Gate Square.

Strategically Important Site, Raynesway

- The acquisition of a site at Raynesway and a subsequent leaseback arrangement for a 20 year period. There will be a reinvestment into a new training facility.

Connect - Former Magistrates' Court

- This project will refurbish a vacant listed building to create a highly flexible workspace in the heart of the city which has been purposely designed to accommodate the needs of micro businesses, single entrepreneurs and social enterprises through to SME's.

Connect - Cathedral Quarter Enterprise Centre

- This project will create highly flexible new build workspaces in the Cathedral Quarter which has been purposely designed to accommodate the needs of micro businesses, single entrepreneurs and social enterprises through to SME's.

Connect - Kings' Chambers

- This project will refurbish existing workspaces to create high quality space in the Cathedral Quarter which has been purposely designed to accommodate the needs of micro businesses, single entrepreneurs and social enterprises through to SME's.

Connect - Shot Tower Corner

- This project will refurbish a vacant city centre building to create a hub and meeting space for the Connect workspaces in the heart of the city.

Connect - Rose Hill Business Centre

- This Connect project will refurbish existing workspace into highly flexible workspaces in a significantly disadvantaged area which has been purposely designed to accommodate the needs of micro businesses, single entrepreneurs and social enterprises through to SME's.

Queen Street Shopfronts

- Project to refurbish the shop frontages owned by the Council, sited below the Connect - Kings Chambers project to enhance the attractiveness of the area.

3. Strategic Projects Match Funding

LightSpeed Derby

- Ensuring Derby's citizens and businesses have access to LightSpeed connectivity through the provision of high speed city-wide connectivity. Developing infrastructure, partnerships and projects and the systems integration possibilities to help Derby meet its challenges and enable its progress towards a Future City.

Global Technology Campus Infrastructure

- Development of a new link road to open up a major employment site in line with long-standing Council strategy.

Innovation Centre

- An Innovation Centre at the heart of the new business park (the GTC) to support the development and growth of transport engineering SMEs and assist their interaction with higher educational institutions.

Global Technology Campus Development Fund

- Ongoing development and incentives of the Global Technology Campus Business Park.

Friar Gate Studios Refurbishment

- This project will provide essential internal modifications and improvement works at Friar Gate Studios (FGS) to enable this creative industries managed workspace scheme to maximise its potential.

Urban Broadband

- Ensuring Derby is at the forefront of next generation broadband, stimulating economic growth, tackling inequality of provision and building stronger communities. Central Government funding offer has been made to provide a wireless network as a concession, to provide a voucher scheme for Derby's SMEs to procure higher level connectivity and to contribute to general purpose ducting on greenfield developments in Derby.

Internet Exchange (I3E)

- Developing a regional network hub, and encouraging new open access infrastructure giving Derby a competitive advantage by the provision of transformational connectivity at cheaper costs. Encouraging the digital sector with city-centre expert clustering.

4. Osmaston Vision

Osmaston Primary School

- The refurbishment and improvement of primary school facilities as part of the wider regeneration programme across Osmaston, known as the Osmaston Vision.

Osmaston Vision Programme

- The Osmaston Vision is a long term programme of economic and physical regeneration, centred around the regeneration of vacant Rolls Royce sites within Osmaston but which extends across the whole area. The Vision is supported by DCC, stakeholders and private partners.

Growth Points Affordable Housing

- To support the provision of new affordable housing within Osmaston, and in particular Community Led Developments.

Marble Hall

- The refurbishment of a grade 2 listed iconic building, which will deliver community facilities and employment opportunities within the heart of Osmaston. The project is supported by Rolls Royce, through donation of the building and a contribution to development costs, and through a bid for ERDF funding.

Community Led Development (Elton Road Quadrant)

- OSCAR's first development, of 40 homes for affordable rent which will be constructed on vacant DCC owned land. The project is supported by grant from the Homes and Communities Agency, and a loan from DCC.

5. Castleward

Castleward Boulevard

- Enhancement of the quality of public realm at the heart of the new Castleward Urban Village to develop new homes in the city centre.

Castleward Enhancement of Public Square

- Enhancement of the quality of public realm at the heart of the new Castleward Urban Village on completion of the development.

MAGISTRATES' COURT

Former Magistrates' Court, Full Street: Wilson Bowden Developments Ltd

- The former magistrates' court is a grade II listed building situated adjacent to the renovated Council House together with the adjoining development site known as One Cathedral Green. One Cathedral Green will be developed by Wilson Bowden Developments Limited and is to provide a new hotel, office and retail buildings.
- The acquisition by the Council of the freehold of the refurbished Magistrates' Court from Wilson Bowden Developments Limited for £2.3m (originally approved by Cabinet on 21 February 2012) (including stamp duty circa £3m). On 17 October 2012, Cabinet approved additional funding for the acquisition of the Magistrates Court of a loan from the Growing Places Fund of £515k, £500k from the accommodation strategy budget.
- A revised specification was required to accommodate the Local Studies Library and to ensure the specification met the Council's requirements.
- The construction works have been competitively tendered to 5 parties (including 2 nominated by DCC) against an agreed specification. Clegg Construction have been identified as the preferred contractor.
- Following the tender exercise, there is an additional funding shortfall in the project of £979,771.
- Subject to the grant of planning approval (July 2013) and an additional funding approval, then the scheme will commence in September 2013 based on a 10 month programme for delivery.

Reasons for increased costs

There are many reasons why the contract price has now increased:

- A design and build contract was required due to the nature and complexity of refurbishing a grade II listed building. However with this type of contract the risk is placed with the contractor and they price that risk. The contractor will take the risk of repairs if a defect is evidenced when works are carried out.
- The building has remained unoccupied for a number of years and has suffered from water penetration, theft and vandalism which has increased the level of works required to the property.
- The detailed requirements and changes to the specification due to the specialised nature of the requirements of the Local Studies Library so that it can be accommodated in a grade II listed building.

The Council have been closely involved in the tender evaluation process and has qualified tenders with Wilson Bowden and the contractor to ensure the price is scrutinised and all cost savings have been identified.

Options available in relation to the scheme

The Council has considered all its options, which include:

- Walk away from the acquisition and refurbishment of the property now and do not progress with the acquisition. The property will continue to be empty and be a blight on adjoining property and the location for a significant period in the future.
- Do not relocate the Local Studies Library to the Magistrates' Court.
- Undertake a value engineering process of the tenders in conjunction with Wilson Bowden Developments to try and bring down the costs. This could result in a level of occupation which is inadequate to attract occupiers to the property and may increase maintenance costs in the medium and longer term.
- To renegotiate the contract with Wilson Bowden Developments so that the Council acquire the property at nil cost. Also to undertake negotiations with Wilson Bowden take place to ensure the costs are further reduced, where possible.

Actions taken to reduce costs

As a result of considering all the options, the Council is working with Wilson Bowden to seek to secure the best terms with Clegg Construction and is currently investigating areas of cost saving without reducing project specification. The Council has also negotiated that Wilson Bowden will take the risk of any increased or additional costs once works commence.

The existing building will also transfer to the Council at nil cost as opposed to the previously agreed value of £250,000.

With Wilson Bowden transferring the property at nil value and accepting risk on contractor cost overruns, it is considered that DCC have negotiated the best terms available in the circumstances.

We have recently been informed of the availability of European Regional Development Funds (ERDF), and have been asked to consider bringing forward additional projects that can deliver quickly. We will approach the ERDF Team with a proposal for the Magistrates' Court, which will request the maximum amount of ERDF possible. This cannot be quantified at the time of writing because it depends upon external factors and the balance of the existing programme. The ERDF option will take preference if we can agree favourable terms and not prejudice the programme. However we would expect this to be at least £1million of ERDF. This exercise will run in parallel with that described in this paper.

Consequences of not progressing with the scheme

If the Council walk away from the project:

- A prominent listed building will remain vacant and unoccupied and will deteriorate even further and leave a derelict building adjacent to the recently renovated Council House.
- A new location will need to be found for the Local Studies Library which will likely be out of the City Centre as no other suitable City Centre locations have been identified.
- Until the Local Studies Library vacates Middleton House, this prevents the Council disposing of Middleton House to a developer. Negotiations are advanced with the developer for refurbishment of Middleton House for an alternative use.
- The remainder of the Cathedral Green development may not proceed and could remain undeveloped for many years if occupiers and investors will not commit to the scheme without the refurbishment of the Magistrates Court.
- An income producing asset for the Council will not be developed.
- City Centre jobs will not be created in relation to the managed workspace centre.

Recommendation

To allocate an additional £780,000 from the Regeneration Fund to this project. In conjunction with this to pursue recommendation to pursue additional ERDF funding for the project, where this does not adversely impact on programme for delivery.

REGENERATION PROGRAMME MONITORING AND REPORTING STRUCTURE

