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of Corporate Resources
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Compliance with Contract and Financial Procedure Rules

Purpose

- 1.1
 - South Derby Growth Zone (SDGZ) and Infinity Garden Village (IGV) – Approval of a contribution of £0.0375m to enable the next steps in the proposed IGV and SDGZ work.
 - Project Assemble – Approval of up to £0.1425m to support the completion of the options appraisal and outline business case for Project Assemble.
 - DfE Children's Home Capital Bid

Recommendations

- 2.1 To approve a contribution of £0.0375m from the Delivering Differently Reserve to enable the next steps in the proposed IGV and SDGZ work as outlined in section 4.1.
- 2.2 To approve the use of the Delivering Differently Reserve to fund up to £0.1425m to support the completion of the options appraisal and outline business case for Project Assemble as outlined in section 4.6
- 2.3 To approve Derby City being party to a bid for capital funding under the DfE Children's Homes Capital bid programme, and to approve the acceptance of funding if successful as outlined in section 4.17

Reasons

- 3.1 To comply with the Council's Financial and Contract Procedure Rules.

Supporting information

4.1 **South Derby Growth Zone (SDGZ) and Infinity Garden Village (IGV) – Approval of a contribution of £0.0375m**

SDGZ is the name given to the wider development area, to the south of the City and extending into South Derbyshire. SDGZ includes IGV, which is one of 14 new Garden Villages announced by Government on 2 January 2017. IGV's cross-boundary area includes strategic housing sites at Wragley Way (Sinfin/Stenson Fields) and Lowes Farm (Chellaston), and Infinity Park Derby (IPD), which is Derby's flagship regeneration project and one of the Government's Enterprise Zones.

Without a new A50 junction and link road, this development cannot be brought forward and a maximum of 280 new homes could be developed. We secured planning consent for the A50 junction and link road in April 2021.

4.2 **The Project Partners**

- Derby City Council (DCC), South Derbyshire District Council and Derbyshire County Council (DCoC);
- IPD Limited Liability Partnership/LLP - commercial developer;
- Hallam Land Management – residential land promoter;
- Landowners;
- Strategic partners – Homes England and Highways England.

4.3 DCC is a partner in a proposed £50m Levelling Up Fund project, submitted by DCoC to MHCLG in June. We should know the outcome of this submission either in the Autumn Statement this year or the Spring Statement. It was acknowledged at the time of submission that the business case was incomplete and that more work would be required to reflect the LUF package.

4.4 To progress the business case, the further work required will incur additional costs as set out in section 7.2 below. Additional costs to the end of November are £0.349m, with DCC contributing £0.099m. There is currently a funding gap of £0.0375m. Should the LUF submission be successful, the majority of the costs should be able to be recouped through LUF funding. However, should the LUF submission be unsuccessful, these costs are potentially abortive, although we can use the Business Case as the basis for future funding submissions.

4.5 To progress the business case, it is recommended that approval be given of a contribution of £0.0375m from the Delivering Differently Reserve to enable an outline business case to be created to support progress to next stages and in support of future funding bids (including Levelling Up Fund)

4.6 **Project Assemble – Approval of up to £0.1425m to support the completion of the options appraisal and outline business case for Project Assemble.**

The site currently occupied by the vacant Assembly Rooms building and operational car park, sits at the heart of Derby City Centre and in the city centre conservation area. The site is recognised as a strategically important site and its future will play a pivotal role in the regeneration, vitality and vibrancy of the city centre. This is recognised in the themes emerging from the work to develop a long-term Derby City Centre Plan.

4.7 Opened in 1977, the Derby Assembly Rooms was, until its closing in 2014, the primary events venue in the city, having hosted leading musical artists (from Def Leppard to Elton John to opera), been a venue for major snooker tournaments (until 1999), graduation ceremonies for the University and many more local events.

4.8 Following the fire in the plant room on the roof of the Assembly Rooms car park, as has been documented extensively, the City Council commissioned an exercise to determine the feasibility and cost of refurbishing the building. However, following the receipt of detailed surveys the estimated costs of this option had reached £33M, with an expectation those costs could increase further, and resulting in an asset life of only 15 to 20 years.

4.9 In parallel, the City Council made the decision in 2020 to pursue the development of a brand new 3,500 capacity performance arena as a key element of the Becketwell regeneration scheme and the Council's vision for the city centre. This new venue will offer not only a state-of-the-art facility, but one with a design life of 40 years plus.

4.10 In applying for and securing conditional planning consent to demolish the Assembly Rooms complex, work has progressed to develop a vision for the site that is sensitive and sustainable and ensures that it contributes positively to the wider transformation of the city centre.

4.11 **Planning Status**

In April 2021, the City Council's Planning Committee approved an application to demolish the Assembly Rooms complex. Planning consent is subject to a Development Agreement being in place to ensure certainty over implementation of a future use of the site.

4.12 The Council is currently awaiting notification from the Secretary of State for Digital, Culture, Media and Sport (DCMS) regarding the renewal of the Certificate of Immunity (COI) from listing following the expiry of the former COI in May 2021.

4.13 **Options Appraisal**

A number of options for use of the site of the Assembly Rooms complex are being explored within the context of a wider "Cultural Heart of the City Plan" – these range from commercial to residential to cultural use. The viability of these various potential uses will be tested by a commercial property advisor, commissioned to produce viability appraisals for different use options across Council owned sites in the Cultural Heart of the City Plan. These viability assessments will enable the Council to consider the financial implications and funding requirements of bringing a first phase of development forward on some or all of the Assembly Rooms complex site.

- 4.14 Feasibility work on a preferred cultural use for part of the site is underway, led by Derby Theatre and the University of Derby. Together they are examining options for relocating from their existing home as a way of effecting a step change in increasing the scale and appeal of their locally produced content, attract a variety of more commercial touring works, build on artist development programmes, embed a research hub into the organisation; and enable them to expand and develop their youth, community and outreach programmes, which has earned a national reputation as a high-quality regional theatre. Exploratory discussions are taking place in relation to the creation of a children's library within the building – a brand new resource for the City. The ambition is to create a thriving cultural centre in the heart of the city.
- 4.15 This is currently the Council's preferred option for the site, given the huge potential benefits to city centre regeneration, to Derby's cultural offer, to the city's social mobility objectives and to the city's image as a destination. It is important that we test and prove a business case for this preferred option, in the context of other potential uses on the site and this report outlines the work that is required to complete this options appraisal and business case.
- 4.16 Achieving a high-quality standard for placemaking on this key site and enabling culture to play a pivotal role in the regeneration of the city centre are core objectives of this project. Derby City Council, the University of Derby and Derby Theatre have been working together on early feasibility to realise this ambition. Our partners have set their sights high, seeing the creation of a new theatre as *'the physical articulation of Derby Theatre's values: inclusive, accessible, welcoming, high quality and engaging. One which is civically engaged, artistically led and trailblazing in how it combines research, artistic practice and community engagement'*. Whilst this is our preferred option, the options appraisal referred to in 4.15 will outline a range of alternative opportunities to ensure we are able to achieve re-development of the site.
- 4.17 It is recommended to approve the use of the Delivering Differently Reserve to fund up to £0.1425m to support the completion of the options appraisal and outline business case for Project Assemble as outlined above.
- 4.18 **DfE Children's Home Capital Bid**
The DfE have invited local authorities to apply for matched capital funding to create additional provision in children's homes for children and young people in their area. The funding is particularly for Local Authorities addressing current shortfalls, including in geographic areas with fewer children's homes; ensuring sufficient provision for children with more complex needs and establishing innovative approaches to reduce the number of children needing care over time.
- 4.19 Derby City Council is proposing to be party to a joint bid for DfE funding between £0.9m and £1.2m, with some or all of the Local Authorities currently part of the D2N2 collaboration. The bid is being led by Nottinghamshire County Council and involves requesting funding for the creation of additional specialist provision for children stepping up to or down from more intensive levels of care.
- 4.20 The bid is part of Derby's Children's Homes Sufficiency and Accommodation strategy which aims to enable more children and young people to be closer to home, particularly for those with complex/challenging behaviour where there is insufficient local provision

- 4.21 For Derby, the bid intends to support the establishment of a new, small, specialist Children's home, local to Derby, and working collaboratively with partners to achieve this. Derby's proportion will be approximately £300,000, which will require £300,000 matched capital funding from the Council, which is a condition of the DfE bid criteria. If the bid is successful then funding will be sort from the capital programme.
- 4.22 It is recommended to approve Derby City being party to a bid for capital funding under the DfE Children's Homes Capital bid programme, and to approve the acceptance of funding if successful.

Public/stakeholder engagement

- 5.1 **South Derby Growth Zone (SDGZ) and Infinity Garden Village (IGV)**
The main means of stakeholder engagement is through the IGV Steering Group, which meets quarterly with public and private sector partners. The project also benefits from the IGV Liaison Group, which involves elected members, local community representatives and is chaired by SDDC. This group has been meeting regularly since 2018 and while it has no decision-making power as such, it is an important means of keeping members and the Local Community informed.
- 5.2 DCoC also undertook extensive consultation, as a result of the planning application submission for the A50 junction.
- 5.3 **Project Assemble**
To date the focus of the Council's work has been in developing a strategy for the site that achieves a wide range of city-wide objectives for its most high-profile site. This has involved close working with teams in Planning, Estates, Property, Transportation and Leisure and Culture, in addition to close collaboration with the University of Derby and Derby Theatre on the cultural building option
- 5.4 The original design study for the Assembly Rooms site, undertaken by Bennetts Associates, was developed and has been discussed with the City's Strategic Culture Group, which includes all the National Portfolio Organisations (NPOs) in Derby.
- 5.5 Historic England have been closely involved with the development of the Cultural Heart of the City Plan and have provided strong encouragement to the team as the output of their work has emerged.
- 5.6 The City Council's work on a Round 1 Levelling Up Fund application for another project has provided valuable insights into the Government's approach to this source of funding and engaging the local community in the future plans for the site will be a critical requirement.

Other Options

- 6.1 **South Derby Growth Zone (SDGZ) and Infinity Garden Village (IGV) – Do Nothing**
This is not considered to be a viable option, as without additional investment, we will not be able to progress the Business Case or the detailed design, we will be unable to satisfy the LUF bid process and the delivery of up to 4,220 new homes, 3.5m square feet new employment floor space and up to 5,000 new jobs could be at risk.

6.2 **Do the Minimum**

DCC could agree a lower financial commitment to the project. Once again, this is not an option as (i) it would leave a funding shortfall, meaning that we would not be able to complete the LUF Business Case (ii) this would not demonstrate to partners that we are committed equally to the project and might undermine effective partnership working and project delivery.

6.3 **Project Assemble – Do Nothing**

Would result in incurring significant costs in maintaining the building and ensuring it did not become a hazard to the public. Doing so would result in a significant blight being placed on the city centre and deter private investment

6.4 **Do minimum**

Could involve the sale of the Assembly Rooms complex to a developer. Whilst potentially attractive there is no evidence that a developer would be able to come forward with a viable scheme and therefore anyone coming forward to buy it. The risk of a developer retaining the site and maintaining the building to a bare minimum standard would be extremely high and result in the building remaining as an eyesore for an indefinite length of time resulting in the blighting of neighbouring sites and detrimental to the city centre conservation area setting.

6.5 **100% commercial redevelopment of the site**

Is a real possibility given the attractive nature of the site for residential use. Whilst there would be a significant saving to the public purse in pursuing such an option, the opportunity to deliver a significant boost to the economic and cultural vitality of the city would be lost. The likelihood that the most viable commercial use is residential could also conflict with the city's desire to use the Market Place as a location for events.

Financial and value for money issues

7.1 As outlined in the report.

7.2 South Derby Growth Zone (SDGZ) and Infinity Garden Village (IGV)

Anticipated costs, plus DCC and partner contributions of the LUF Business Case

Expenditure	Costs to November
Traffic modelling	£54,667
Compulsory Purchase Order (CPO)	£38,888
Land Viability Assessment	£30,000
Ground Investigations	£0
Highways, Drainage, Structural, Lighting Design, Signals, Construction Design and Management, Highways England Technical Approval	£195,00
Project Management (Bentley [project Management])	£30,000
Expenditure Totals	£348,555
Proposed Funding Contribution	
Derby City Council	£99,185
Derbyshire County Council	£99,185
South Derby District Council Garden Village Capacity Funding	£51,000
Homes England Funding	£0
Private Sector partners	£99,185
Proposed Funding Totals	£348,555

7.3 Further funding may be required for the work beyond November 2021.

7.4 Revenue (Phase 2/3 Feasibility costs)

In order to complete an OBC for the cultural building concept, further development work is required before we understand the overall cost of redeveloping the site. Current estimates of the costs to develop the project and assess feasibility are set out in the table below:-

Item	Estimated Cost (£K)
Property Advice : land use option appraisal, viability assessments, soft-market testing, outline procurement advice	80
Design Development : Revisions to existing RIBA Stage 0/1 design in line with operational business planning, outline programme, refining 'order of costs', initial advice on contractor and developer procurement options, design brief, sustainability and engineering	70
Business Case preparation : Economic Impact Assessment, economic input to option appraisal, Outline Business Case preparation, supporting external funding bids	20
Operational Business Plan : Additional support to enhance / augment Derby Theatre's business planning work	30
Sub-total	200
Plus 20% contingency	40
Total	240
Net off LUF Capacity Funding (assume 50% of Derby's allocation)	-62.5
Existing allocation from capital feasibility pot	-35
Revenue budget requirement as per para 2.2	142.5

- 7.5 The outcome of this feasibility work will be an Outline Business Case to inform a Gateway 2 decision under the Council's Project Gateway process and will support external funding bids required to bring the project vision to life.

Legal implications

8.1 South Derby Growth Zone (SDGZ) and Infinity Garden Village (IGV)

There are no specific legal implications as a result of this report. One of the next stages of the project will be for partners to sign a Memorandum of Understanding, as a precursor to an Infrastructure Delivery Agreement.

8.2 Project Assemble

The elements of the feasibility work proposed within this report will be procured from appropriately qualified specialists, either through procurement frameworks accessible by the City Council, or where necessary via competitive tendering.

Climate implications

9.1 South Derby Growth Zone (SDGZ) and Infinity Garden Village (IGV)

We have made a commitment to spending funding on work to help achieve zero carbon homes, including carbon sequestration, following on from work undertaken by Derby Homes and we will ensure that this is part of this project.

9.2 Project Assemble

The vision for the Cultural Heart of the City forms part of the emerging proposals contained within the City Centre Plan that sees the city as a place to live, work and spend leisure time that is well connected by public transport and reduces the reliance on private car usage by making walking and cycling a viable option. 'Project Assemble' forms a key element of this vision, located at the heart of the city centre, being well served by existing and planned public transport links.

- 9.3 The specification, design and construction of Project Assemble itself will seek to achieve the goal of being 'Zero Carbon' in line with Council's targets and HM Government's requirements under the Levelling Up Fund to deliver a 'Zero carbon' investment programme

Equalities

- 10.1 Equality Impact Assessments will be completed as required.

Other significant implications:

- 11.1 None Directly arising

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal		
Finance	Alison Parkin	23 rd September 2021
Service Director(s)		
Report sponsor	Simon Riley, Strategic Director of Corporate Resources	23 rd September 2021
Other(s)		

Background papers:
List of appendices: