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Agenda Item 7**D2N2 Infrastructure Investment Board (IIB) Cover Sheet-December 2018**

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Meeting and Date	Thursday 20 th December 2018		
Subject	Project Approval-Southern Gateway		
Author	S Wainwright/T Goshawk	Total no of sheets	8

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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Summary and Recommendation(s)

The paper sets out a request for £15m of Local Growth Funding to support the Southern Gateway project from Nottingham City Council.

Phase 1 of the project was approved by the IIB in November 2015 which allocated £10.3m of LGF. The promoter has now brought together phase 1 and 2 in a business case which has been submitted to the LEP and Accountable Body.

After a full review of the business case, D2N2 recommends that the project is approved by the Infrastructure Investment Board.

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

6 December 2018

Southern Gateway (Broadmarsh Area Regeneration)

1.0 Background

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

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

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

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

2.0 Scheme Overview

The programme, known as the Southern Gateway, brings together proposals for redevelopment and improvement in the southern part of Nottingham City centre. The programme is also aimed at addressing of Nottingham citizens by helping to create a prosperous, clean environment in which to work and live.

Phase 1 of the project was approved by the IIB in November 2015 which allocated £10.3m of LGF. The promoter has now brought together phase 1 and 2 in a business case which has been submitted to the LEP and Accountable Body.

The Southside Transport Strategy which was funded as phase 1 of the project, is an integrated package of measures to help support the regeneration

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and growth of the Southern Gateway regeneration area and to tackle the challenges presented by the Broadmarsh area. At the heart of this is redevelopment of the intu Broadmarsh shopping centre and connectivity between the recently upgraded and refurbished Nottingham Station and city centre. Works to improve junctions along the Southern Relief Route are now complete as well as works to convert Station Street to public realm, with further works continuing.

Phase 2 will build on the Southside Transport Strategy to provide further improvements to the new areas of public space created by phase 1. Phase 2 will also deliver active frontages to increase activity at ground level on the street including a new library along the key routes of Collin Street and Carrington Street. It will support the visitor economy by delivering a brand new Broadmarsh car park and bus station, incorporating a modern façade and high quality retail space.

The project aims to change the Southern Gateway of the city opening the area up to new inward investment opportunities through the regeneration works taking place. Alongside the works directly to the South of the Broadmarsh Centre, the incorporation of the library in to the new car park facility will allow the existing library space to be upgraded in to new office space in Angel Row.

The costs for phase 1 and 2 of the project are as follows

Phase	Description	Costs £
1 Highways works	Southern Relief Route	£2.7m
	Grey Friar Gate Gyratory	£2.3m
	Canal Street	£1.7m
	Middle Hill	£1.6m
	Collin Street and Carrington Street	£3.25m
Phase 2 Broadmarsh CP	Broadmarsh car park, bus station and library	£43.97m
Total		£55.52m

The funding for phase 1 and 2 of the project is as follows:

Funding Source	TOTAL
Better Bus Areas	£1,700,000
Local Transport Plan	£3,983,000
ERDF	£517,000
National Productivity Investment Fund (NPIF)	£968,000
Prudential Borrowing/Reserves	£23,056,271
LGF	£25,300,000
TOTAL	£55,524,271

3.0 Approvals

At the Nottingham City Council Executive Board on 31st July 2018 recommendations were made to proceed with the construction of the new bus station and car park.

A revised planning application was granted on the 21st November 2018

Further approvals are to be sought at the Executive Board on the 18th December.

4.0 Procurement

Phase 1 of the project is being delivered by Nottingham City Council's own in-house Direct Labour Organisation (DLO) and by contractors from Lot 12 of the Nottingham City Council and Derby City Council joint framework contract.

Phase 2 of the project will be split into 2 contracts. The first contract will deal with the main works to rebuild the car park and bus station. The City Council is now in the latter stages of the procurement process and a preferred contractor is due to be chosen imminently.

The second contract will include works for the public realm on Collins Street, Carrington Street and Middle Hill. This will also be delivered by the City Council's in-house DLO and by contractors from Lot 12 of the joint framework contract.

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Nottingham City Council carried out an initial Pre-Qualification Questionnaire exercise to potential contractors for the Southern Gateway development works. Following this OJEU compliant exercise four main contractors were invited to tender for the delivery of the works through a single phase tendering exercise with the contractor being determined through a scored panel process.

5.0 State Aid

The promoter has confirmed that the project is State Aid compliant.

6.0 Business Case

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

7.0 Delivery Programme

Car park construction January 2019-July 2020

New library open April 2021

Road transformation programme June 2018-April 2021

8.0 Outputs and Outcomes

From the phase 1 development of the Southern Gateway/Broadmarsh area 2,300 indirect jobs were associated with the redevelopment and investment to the area as a catalyst for new inward investment as approved in November 2015. From the total investment now including Phase 2 delivery the project will now deliver a total of 532 direct FTE's as a result of the holistic Southern Gateway Regeneration.

The project will therefore deliver:

- 532 FTE Jobs

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- 2,300 Indirect Jobs
- A newly constructed library
- New modernised car park with 1,208 spaces and a new bus station
- 7,000m² of public realm transformed

9.0 Spending profile

For phase 2 only:

2019/20 £10m

2020/21 £5m

10.0 Local Assurance Framework

An outline business case was approved on the 23rd of March 2018 and a Final business case has now been submitted in line with the Local Assurance Framework. The Accountable Body and D2N2 have assessed the Business Case submission and an approval will be recommended subject to the outcome of the Value for Money assessment.

The IIB are asked to approve the project and to release the £15m of LGF Subject to the outcomes of the VFM assessment.

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

Local Assurance Framework

Final stage Approval Check List:

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model.	A green book compliant business case has been submitted by the promoter
2. A VFM assessment must be completed. The VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.	The business case has been forwarded to Regeneris and at the time of writing this report the Value for Money (VFM) report had not been completed. Any approval given will be on the basis that the project reports good VFM
3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.	Planning permission was granted for the project at Nottingham City Council's 21 st of November 2018.
4. Confirmation that any Section 106 or other agreements have been entered into.	The project is not subject to any Section 106 agreements.
5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)	Phase 2 of the project is split into two contracts. The first contract will deal with the main works to rebuild the car park and bus station. The tenderers were asked to provide their own design for the project to RIBA stage 3. Following an OJEU compliant PQQ process, four contractors will be invited to tender on a single stage approach. Scoring was defined on a basis of 25% price and 75% quality. Meetings were held with the tenderers and then they were asked to provide a set of Contractor proposals. The second contract will include works for the public realm on Collins Street, Carrington Street and Middle Hill. The second contract will be delivered by the City Council's in

	house Direct Labour Organisation and by contractors from a Joint Framework.
6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs	The first contract will be carried out under a JCT Design and Build Contract. The preferred contractor is due to be chosen in late November, Nottingham City Council are currently reviewing tenders with their legal services.
7. Confirmation that the promoter will be responsible for any variations to the contract price and that once entered into, the contract will be completed in line with the details submitted.	Nottingham City Council have agreed that they will be responsible for any cost overruns in the project.
8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.	The project is using a JCT Design and Build Contract and will therefore be designed continuously as the project progresses with the main contractor and City Council Project Manager progressing the project.
9. Details of any outstanding points preventing/delaying the start-up of the construction contract.	n/a
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.	This project is an extension of the phase 1 Broadmarsh project which was approved in November 2015.
11. Confirmation that all funding is now in place with details of the sources of funding, please include letters from third party funders confirming any conditions and timescales.	Confirmation and full approval of prudential borrowing is due to be confirmed at Nottingham City Council's Executive board on the 18 th of December.

12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project	All land for development is in the control of Nottingham City Council.
13. A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the outputs/outcomes that will be delivered on a quarterly basis.	<p>The project will deliver the following outputs:</p> <ul style="list-style-type: none"> - 532 FTE Jobs - 2,300 Indirect Jobs - A newly constructed library - New modernised car park with 1,208 spaces and a new bus station - 7,000m² of public realm transformed
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.	A risk register has been provided by the promoter