

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

21st December 2017

Museum of Making

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 52 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 Silk Mill World Heritage site project is a project to sustainably redevelop what is widely regarded as the site of the world's first factory and part of the UNESCO Derwent Valley Mills World Heritage Site.

The Silk Mill is an iconic city landmark and this project will highlight its significance as the world's first factory. The Museum of Making will create a southern gateway to the World Heritage Site, increasing visitors and economic impact, to Derby and the wider Derwent Valley Mills World Heritage Site.

The project will enable a viable business model for the Museum of Making to be developed, providing opportunities for new job creation and commercial income generation which will sustain the historic site, building and collections and continue its operation as a public asset.

The specific objectives for the project are:

Public

- To create a world-class attraction that supports the growth of D2N2's visitor economy and contributes to Derby's place as a destination of choice.
- To support young people to achieve their potential by inspiring, raising aspirations and informing through an exciting programme of activity underpinned by STEAM (Science, Technology, Engineering, Arts and Maths) principles.
- To establish the Museum of Making's role in D2N2's enterprise and innovation eco-system by stimulating ideas, nurturing embryonic making and creative businesses and providing inspirational, quality workspace.

The promoter for this scheme is Derby City Council working in partnership with the Silk Mill Museums Trust.

The total project cost is £16,428,000 and is funded as follows:

Funding Source	TOTAL
Heritage Lottery Fund	£9,387,700
Arts Council England Capital	£2,585,000
Arts Council England Major Partner Museum Funding	£177,000
Trusts and Funding	£228,700
Derby City Council	£350,000
LGF	£3,700,000
TOTAL	£16,428,000

3.0 Approvals

Public

Planning permission was approved for the project on the 23rd of November 2017

The project received full Derby City Council cabinet approval on the 6th of September 2017

4.0 Procurement

The project has procured a main contractor for the works under the Integrated Project Insurance model.

5.0 State Aid

The promoter has confirmed that the project is State Aid compliant as it falls under Article 53, GBER 2014 (aid for culture heritage and conservation).

6.0 Business Case

Regeneris have undertaken a Value for Money assessment on the project and have confirmed that the BCR is high at 2.7.

They have requested some additional information on the impact area and options analysis which have been requested from the applicant. This will be clarified with the applicant before a formal offer letter.

7.0 Delivery Programme

- Construction works begin February 2018
- Construction works are completed June 2020
- The new facility opens July 2020.

8.0 Outputs and Outcomes

The project will enable Silk Mill World Heritage site to deliver:

- 100% of the Silk Mill 'collections of making' publicly accessible.
- 500 people will be actively involved in making of the museum, gaining new skills.

Public

- 8,000 school children will participate in programmes annually.
- 25,000 people will engage in informal learning activities annually.
- An inspirational new museum will be developed, engaging 140,000 visitors annually at the site and signposting to the wider DVMWHS.
- The project will deliver net additional GVA to Derby of £4.24m annually.
- The project will create 141 jobs in the local economy of which 24 will be direct new jobs created.
- 20 businesses supported through managed workspace units.

9.0 Spending profile

2017-18 £524,000
2018-19 £1,876,000
2019-20 £1,300,000

10.0 Local Assurance Framework

An Outline business case was approved on the 8th November 2017 and a Business Case has now been submitted in line with Final Submission stage of the approval process. The Accountable Body and D2N2 have assessed the Business Case submission and approval is recommended.

The IIB are asked to approve the project and to release the £3,700,000 of LGF.

D2N2 LEP

Appendix 1

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model.	A detailed Green Book compliant business case was submitted by Derby City Council.
2. A VFM assessment must be completed. The VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.	A VFM has been undertaken by Regeneris which has come back as high at 2.7 and is above the threshold for D2N2 investment of 2.
3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.	Planning permission has been granted for the project on the 23 rd of November.
4. Confirmation that any Section 106 or other agreements have been entered into.	Not applicable for this project
5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)	The main contractor was for the project was procured through an OJEU procurement process. Three contractors were then shortlisted and a final contractor was selected and contracts were finalised on the 27 th of October.
6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs	A cabinet approved Independent Project Insurance contract has been entered in to and began in November 2017. All cost over runs are managed through a collective agreement between the project stakeholders where parties pay an upfront fee to manage any potential overruns. Designs for the project are based on a target cost rather than design dictating cost which enables costs to be regulated. D2N2 will not be responsible for any cost overrun on the project.

Appendix 1

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.	Through the IPI model all alliance members will be responsible for any cost variations collectively. D2N2 will not be held responsible for these.
8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.	The nature of the procurement process means that stage 4 will be part of the final delivery of the scheme
9. Details of any outstanding points preventing/delaying the start-up of the construction contract.	No delays to the start of the contract
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.	No significant changes have occurred to the project from the EOI and OBC stages.
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.	All funding is said to be in place for the project, confirmation has been received for all bar £31,000 which is subject to ongoing fundraising
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 is in the ownership of Derby City Council for the project to take place
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 full phasing plan for the project has been identified with associated costs.

Appendix 1

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.	An up to date risk register has been provided by the promoter with mitigations.
---	---