

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

24 May 2018

Nottingham Castle

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 Nottingham Castle project seeks to invest D2N2 LGF funding in to the site to renew the visitor economy experience in Nottingham. The project is built around three key themes:

1. Explore – Exploring the rich history of Nottingham, its medieval Castle and extensive cave network beneath in a more revealing and accessible way than ever before. Brewhouse Yard Cottages redisplayed and open 7 days a week. Castle grounds re-landscaped with themed adventure play in the Castle moat.
2. Robin and the Rebels – A brand new interactive Robin Hood Gallery will lead visitors back in time to explore the ballads of Robin Hood and his connections to Medieval Nottingham and the Castle. Nottingham's rebellious past will be revealed through three key episodes in a dedicated gallery, Exploring issues around protest and rebellion.

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3. Creative City: The Power of Art and Making – A vastly improved layout and visitor experience of the art galleries in the Ducal Palace, with new and prestigious touring exhibitions attracted to the Castle.

The specific objectives for the project are:

- Preserve the heritage of Nottingham Castle.
- Increase the number of visitors to Nottingham and the East Midlands, and therefore boost expenditure in the local economy.
- Raise the profile of Nottingham and leave a positive impression of Nottingham to visitors.
- Create a financially sustainable operating model that does not require on-going subsidy.

The promoter for this scheme is Nottingham City Council

The total project cost is £31,300,000 and is funded as follows:

Funding Source	TOTAL
Heritage Lottery Fund	£13,370,000
Nottingham City Council Capital	£4,900,000
Nottingham City Council Contingency Underwriting	£3,030,000
Castle Trust Fund Raising	£3,000,000
LGF	£5,000,000
Enterprise Zone Business Rates	£2,000,000
TOTAL	£31,300,000

3.0 Approvals

The project was granted full planning permission for the project on the 22nd of September 2016

Historic England provided full approval for the planned works on the 1st of December 2016

Nottingham City Council have given approval to the project as of the 11th of August 2017

D2N2 approved the Outline Business Case for the project on the 9th of October 2017.

The D2N2 LEP Board have agreed to fund £2m to the Nottingham Castle project through the use of EZ Business Rates on the 18th of May 2018.

4.0 Procurement

A two stage tender process was adopted for the project with seven contractors responding to the initial tender. After evaluation GF Tomlinson were appointed as the preferred contractor and framework style negotiations have taken place with the contractor to achieve a final cost for the development. This process has been reviewed by the HLF and Nottingham City Council to conclude that the process was fair and the outcome received was acceptable.

5.0 State Aid

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

6.0 Business Case

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The Business Case has been assessed internally by D2N2 and has been deemed compliant with the Local Assurance Framework as well as the Treasury's Green Book. External Value for Money assessments have also been carried out by Regeneris and the project has been deemed VFM compliant.

7.0 Delivery Programme

- Close the current site 30th June 2018
- Construction Start
- Construction Finish 31st December 2019
- Castle reopens Q2 2020

8.0 Outputs and Outcomes

- Creation of over 420 net additional jobs
- Investment per job figure of £11,000
- 323,000 visitors to the site per annum

9.0 Spending profile

2018- 19 - Local Growth Fund - £5,000,000

10.0 Local Assurance Framework

The project complies with all elements of the D2N2 Local Assurance Framework.

The D2N2 LEP recommend the IIB to approve the project subject to the decision of the LEP Board for the use of EZ Business Rates for the Nottingham Castle funding package.

D2N2 LEP

Appendix 1

Stage 3/Final Submission Checklist

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model.	The project promoter has submitted a Green Book compliant Business Case
2. A VFM assessment must be completed. The VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.	Regeneris have conducted an external VFM assessment and have concluded that the project provides a High score of VFM.
3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.	All planning consents for the project have been approved. Full planning consent was signed off in September 2016.
4. Confirmation that any Section 106 or other agreements have been entered into.	The project is not subject to S106 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)	Confirmation of the procurement process has been received and a detailed breakdown of the process is included in the Business Case. Details of the tenders received and accepted have been included in the FBC.
6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs	The construction contract to be entered in to is an NEC 3 – Option A contract. The contract will begin on the 1 st of July 2018 and will last for 75 weeks. Liquidated damages have been agreed between the parties should construction overrun.

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.	Nottingham City Council have confirmed that any cost overruns will not be passed on to D2N2 and the City Council will assume overall cost risk.
8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.	Nottingham City Council have confirmed that the project is designed to RIBA Stage 4.
9. Details of any outstanding points preventing/delaying the start-up of the construction contract.	Terms within the construction contract still need to be agreed, however the final price for the construction contract has been agreed.
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.	Changes have been made to the overall project costs as the overall value of the project has increased from £27.7m to £31.3m. Alternative funding mechanisms have been put in place to solve this issue and the project has re-evaluated its Value for Money calculations based on this.
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 sources of funding for the project have been confirmed by Nottingham City Council
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 agreements are in 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 phasing plan for the construction programme has been included. Detail of funding required has been included in the FBC.

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.	A full and up to date risk register has been attached as an appendix to the Final Business Case submission
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