

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

7th September 2016

Buxton Crescent

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 31 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 Buxton Crescent and Thermal Spa project will deliver:

- An 80 bedroom 5-star spa hotel – one of the first genuine spa hotels to open in the UK for over a century
- Assembly Rooms in the East Pavilion managed by the hotel as a function suite
- A visitor centre (working title: “the Buxton Crescent Experience”) centred on the restored Pump Room and a suite of rooms on the ground floor and basement providing interpretation of Buxton’s spa heritage. There will also be access to the Assembly Rooms when not in use for functions and free access for the public to ‘take the waters’ in the Pump Room
- An extension at the rear of the west end of the Crescent containing the new hotel restaurant with roof-top spa pool above it
- A new thermal mineral water treatment spa, mainly in the former Natural Baths
- Extensive new basements to the rear of the Crescent housing kitchens, plant and services for the spa and the hotel

- 6 small speciality shops in the front ground floor of the Crescent
- An extended public square to the rear of the Natural Baths and environmental enhancement works elsewhere both in front of and to the rear of the Crescent.

Source	£ Million
BCHTS Co equity/loan from DCC	20.3
Development funding (HLF/HPBC/DCC)	0.4
Heritage Lottery Fund grant	23.8
English Heritage grant	0.5
DCC capital contribution	1.4
HPBC capital contribution	1.1
Fundraising by the Trust	0.3
D2N2 Growth Deal contribution	3.8
TOTAL	51.6

3.0 Approvals

A report was taken to Derbyshire County Council's Full Council on the 13th April 2016 approving the scheme.

4.0 Procurement

The main contractor (Vinci) has been tendered in compliance with public procurement requirements, and has been procured on a two stage tender process using JCT standard building contract without quantities including a contractors designed portion form of contract.

5.0 State Aid

The promoter has confirmed 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

The project is due for completion in April 2018 with the opening of the hotel in Summer 2018.

8.0 Outputs and Outcomes

- 140 FTE jobs
- 80 bedroom 5 star hotel

9.0 Spending profile

The Spending profile of the project will be determined when the funding decision for the project is concluded.

10.0 Local Assurance Framework

Stage 1 approval was granted on the 25th June 2015 and a full Business Case was submitted in line with Stage 2 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 release this year's funding on the condition that the Regeneris report confirms this project represents good value for money.

Recommendation

The IIB is recommended to approve £2m to this project at this date, a further £1.8m will be released to the project in future months but only if a saving equalling at least £1.8m is made on the Drakelow Park project.

Local Assurance Framework
Stage 2 Approval Check List:

1. A Value for Money assessment carried out in accordance with the Local Assurance Framework and concluding that the project overall provides at least a good value for money score	VFM confirmation is awaited from the external assessor.
2. Evidence supporting the need for the project and the how the outputs in the Business Case will be delivered/guaranteed. This will also include evidence identifying when the outputs will be delivered.	This town of Buxton is a key visitor destination for Derbyshire and the local area. The project capitalises on Buxton's natural asset of having a source of thermal mineral water, through a 5 star hotel offer. Visitor Economy is one of the LEP's key sectors. The outputs are: -140 FTE jobs -80 bedroom 5 star hotel
3. A statement confirming that the funds are in place and that adequate safeguards have been taken in regards to any cost over-runs. Examples of this could be confirmation that contingency has been secured for the project and/or that all risk have been passed to the contractor/developer.	The funding package is as follows: -Buxton Crescent Hotel and Thermal Spa Company equity/loan from DCC £20.3m -Development funding (HLF/High Peak BC/DCC) £0.4m -Heritage Lottery Fund £23.8m -English Heritage grant £0.5m -DCC capital contribution £1.4m -HPBC Capital contribution £1.1m -Fundraising from the Trust £0.3m -Ask from LGF £3.8m Total £51.6m There is a £2m contingency budget shared pro rata between the funders.
4. A statement confirming that the project is State Aid compliant.	The basis of State Aid compliance was established through external advice provided by Wragge and Co (now Gowling WLG) prior to the project's initial application for Heritage Lottery Funding support.

	Since that time the County Council's Director of Legal Services has carried out periodic reviews to confirm that the balance of public and private funding remains within the limits required to remain State Aid-compliant.
5. Full design and specification to RIBA Stage 4 (if applicable)	The promoter has confirmed the project is at Stage 5
6. A detailed Business case submitted by the Section 151 officer, Finance Director or Chief Executive Officer.	
7. Confirmation that all Planning consents and other consents in relation to the delivery of the project have been granted. The promoter is also required to confirm that all pre-commencement conditions have been met along with details regarding how and when the remaining planning conditions will be discharged.	The promoter has confirmed planning consent is in place and there are no outstanding conditions to be discharged ahead of commencement of construction.
8. A statement from the promoter confirming how the project aligns with the LEP'S sustainability and local procurement framework (if applicable)	The promoter has confirmed the project will adhere to the LEP'S sustainability and local procurement framework
9. Confirmation that all funding is approved and in place to deliver the project along with written confirmation from the other funders confirming the funds are agreed and available.	All funding is confirmed by the promoter
10. Confirmation that a delivery contract is in place (JCT or	The main contractor (Vinci) has been tendered in compliance with

equivalent) and confirmation of how cost/programme overruns to be managed. The LEP will require promoters to either confirm that any cost over-runs are the risk of the developer or additional funds have been set aside.	public procurement requirements and has been procured on a two stage tender process using JCT standard building contract without quantities including a contractors designed portion form of contract.
11. All land assets purchased and vacant possession obtained (if applicable)	All land required falls within the ownership and control of the partnership.
12. Value for Money report carried out by a suitably qualified and experience professional with at least a 'Good' score. The LEP and the Accountable body will seek confirmation on the conclusions of the report from external consultants.	VFM confirmation is awaited from the external assessor.
13. How the risks will be managed?	A professional team is in place to manage the project, together with formal project management procedures as set out in the Project Management Plan. As part of this process the project Risk Register is regularly updated.