

Overview and Scrutiny Management Board

7th December 2017



Report of: Nicki Beardmore, Interim Director for Resources (Senior Responsible Officer or SRO)

Report Authors: Stuart Woods, Arena Project Director and Colin Molton, Interim Director

Title: Bristol Arena-update

Ward: Windmill Hill and City Wide

Officer Presenting Report: None required for this meeting

Portfolio Holder: The Mayor

Contact Telephone Number: 0117 352 6329 (Nicki Beardmore)

Recommendation

There are no recommendations in this report. OSMB is asked to receive this update and note its contents.



Summary

1. This includes the following;
 - Progress since the last Cabinet paper in April 2017
 - The press release on the project on 8th November 2017

Progress since the April 2017 Cabinet paper

2. The April Cabinet paper contained nine recommendations, seven of which were approved. These are set out in the table below, along with an update on the progress made on each of them;

| No. | Approved Recommendations | Status |
|-----|---|--|
| 1 | Approve award of the Pre Construction Services Agreement (PCSA) to Buckingham Group in order to firm up current costings. | Initial 20-week period for PCSA now complete; Buckingham have presented a target cost for the council's consideration. The new target cost will be incorporated into the financial modelling being undertaken as part of the VFM review. To reduce the cost to the Council during the standstill period, the contract with Buckingham has been suspended whilst the VFM study is concluded. The PCSA office will be temporarily closed and reasonable cost to be paid during the standstill period agreed. |
| 2 | To authorise the Strategic Director for Place to undertake all negotiations and sign off the PCSA Contract. | Complete, the PCSA has been signed. |
| 3 | To ensure that the PCSA progress takes full advantage of value engineering options under the current project | The contractor's latest proposal includes the potential for cost savings as a result of Value Engineering and these are being considered in terms of viability and deliverability and where achievable, is being incorporated within a revised target cost. |
| 4 | To commission an independent Value for Money review to inform the economic case for any investment in the project | KPMG were awarded the contract to undertake the VFM review. Target costs have been fed into the model and the report is in the process of being finalised. The scope of the assignment will be expanded to take in the location, design and the possibility of private financing as part of a thorough assessment of options and this will also be incorporated into the Cabinet report. |

| No. | Approved Recommendations | Status |
|-----|---|--|
| 5 | To undertake further indicative work as to what type, size and shape of arena that could be procured should a new procurement be required. | Terms of reference have been prepared and should this work still be required following receipt of the VFM review, it will be formally commissioned |
| 6 | To request that the Strategic Director for Place return to Cabinet following the conclusion of the PCSA, VfM Study and the review of options in order for Cabinet to take a view on how to proceed. | A Cabinet paper is being drafted with a provisional Cabinet target date of 23 rd January 2018. |
| 7 | To approve Enabling Works and the pre-ordering of work/materials where there is clear benefit in doing so, prior to the main contract being signed. | Expenditure has been incurred on the production of a site remediation strategy which demonstrated that cost savings could be achieved by an alternative approach |
| 8 | To approve the allocation of £500,000 from the existing allocation to the scheme to finance further work on the proposed car park at 1-9 Bath Road | CH2M have produced an initial report on Arena car parking, this will be referenced in the January Cabinet paper. |
| 9 | To return to Cabinet with options on the provision of a car park following the work referred to above. | See above. |

The press release

3. The full press release is attached as Appendix A. Buckingham had completed the initial PCSA period and produced a Target Cost for the Council to review. The VfM study remains work in progress. The decision was taken to suspend the contract with Buckingham to reduce the cost to the Council during the standstill period whilst the VFM study is concluded and the report for Cabinet is produced. A Cabinet paper is now being drafted with 23rd January 2018 as a target date.

APPENDIX A–ARENA PRESS RELEASE: 8TH NOVEMBER 2017

08 November 2017

Fresh options on the table in pursuit of Bristol Arena

Consultants carrying out a value-for-money review of the proposed 12,000 capacity arena for Bristol have now been instructed by Mayor Marvin Rees to expand the scope of this review, bringing fresh possibilities for the project.

KPMG had been commissioned for the review, considering the financial case for the arena in a report which was due soon. Now its scope will expand to take in the location, design and the possibility of private financing as part of a thorough assessment of options. The results are expected next month, with a decision on how to move forward with the project expected at a Cabinet meeting in January.

The news comes following completion of professional services by Buckingham Group Contracting Limited, who were appointed under a 'Pre-Construction Services Agreement'. They have now presented a target cost for construction. Buckingham's work will now be paused until the KPMG review is received and considered. A pause at this stage of the pre-construction phase of a project is not unusual and it means the council will not be paying a contractor whilst there is no final decision on how to move forward.

Marvin Rees, Mayor of Bristol said: "Buckingham have done a good job and we now need to see what the wider review of the project says. I remain 100% committed to delivering an arena for Bristol and with this in mind it is right to look at every available option, along with the benefits and drawbacks of each. We can't commit to the current design on this specific site at any cost and I wouldn't want that kind of blinkered approach to become the arena's undoing".

"A lot of work continues to go into the project and this pause shouldn't be mistaken for a backwards step. We're operating to the same decision-making timeline that's been previously announced. This is about doing the sensible thing in looking at all of the

possibilities and being open minded about where the advice received takes us. Whatever happens the arena will become reality and we remain on-track for a report to Cabinet in January.”

The current projected budget for the arena is £123.5m, for which funding is available from the Economic Development Fund (£53m), operator contribution and income (£42.5m) and infrastructure funding associated with the wider Temple Meads East project (£28m). Building the arena to its current design on the proposed site remains highly likely to cost significantly more than this, although the precise target figure is commercially sensitive and remains confidential.

Marvin Rees continued: “What we’re seeing with the cost is a challenge and we need to deal with it. I’ve asked our consultants KPMG to consider every avenue. This includes raising private investment, thinking about other sites and considering designs which could be delivered within budget. Nothing is off the table because one way or another this city is going to get an arena it can afford.”

The current target date to open the arena is 2020 and this remains the case. It will, however, depend on what options are recommended by the council’s consultants and what future decisions are made.