

<b>Title: BRISTOL ARENA UPDATE</b>	
<b>Ward(s):</b>	<b>Windmill Hill, Southmead, and City Wide</b>
<b>Author:</b> Stuart Woods	<b>Job title:</b> Arena Project Director
<b>Cabinet lead:</b> Mayor	<b>Director lead:</b> Colin Molton, Interim Director of Housing Delivery and Economic Development
<b>Proposal origin:</b> BCC Staff	
<b>Decision maker:</b> Mayor <b>Decision forum:</b> Cabinet	
<b>Timescales:</b> 23 <sup>rd</sup> January 2018	
<b>Purpose of Report:</b> The purpose of this report is to update Cabinet on the latest position on the provision of an arena for Bristol. There are a number of outstanding issues that need to be addressed before a decision can be made on the project.	
<b>Evidence Base:</b>	
<p>1. This paper sets out the progress made since the last report to Cabinet in April 2017, which contained nine recommendations. The recommendations are set out in this paper together with some additional information.</p> <p><b>Recommendation 1 - Approve award of the Pre Construction Services Agreement (PCSA) to Buckingham Group (BGCL) in order to firm up current costings.</b></p> <p>2. The initial 20-week period for the PCSA is now complete. The Buckingham Group have presented a Target Cost for the Council's consideration.</p> <p>3. Further work is required to review and verify details of Buckingham's latest proposal, including risk apportionment and value engineering. The Council is continuing discussions with Buckingham.</p> <p><b>Recommendation 2 - To authorise the Strategic Director for Place to undertake all negotiations and sign off the PCSA Contract.</b></p> <p>4. The PCSA contract has been signed with Buckingham, and to reduce the weekly spend incurred by the Council during the review period, the contract with Buckingham was suspended in November 2017 so that the Value for Money (VfM) study could be concluded, the Target Cost reviewed and other outstanding issues resolved. The PCSA office has been closed for the time being. The PCSA allows for a suspension of up to six months. The Council can recommence the PCSA once the outstanding issues have been resolved.</p> <p><b>Recommendation 3 - To ensure that the PCSA progress takes full advantage of value engineering options under the current project.</b></p> <p>5. 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, are being incorporated within the Target Cost.</p> <p>6. The parameters of the Value Engineering exercise are to retain the integrity of the "core scheme", maintaining the Council's requirements regarding capacity, configuration, and size and retaining the existing planning permission and agreements in place with the Operator, Arena Island Limited (SMG/Live Nation). Discussions are being held with them to confirm their position.</p> <p><b>Recommendation 4 - To commission an independent Value for Money review to inform</b></p>	

**the economic case for any investment in the project.**

7. Following a Tender exercise, KPMG were awarded the contract to undertake the VfM review. The report is in the process of being finalised. To ensure the assessment reflects a wider choice of contracting options, this is being expanded to take in the location, design and the possibility of private financing as part of a thorough assessment of options and this will be incorporated into the next arena Cabinet report.

**Recommendation 5 - To undertake further indicative work as to what type, size and shape of arena could be procured should a new procurement be required.**

8. Terms of Reference have been prepared and should this work still be required following receipt of the VfM review, it will be formally commissioned.

**Recommendation 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**

9. This report to January Cabinet is a progress report only, pending a return to Cabinet in April 2018.

**Recommendation 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.**

10. The April 2017 Cabinet approved Enabling Works should the Council wish to initiate works where there was a clear benefit in doing so. To date £30,000 has been incurred on the production of a site remediation strategy, which demonstrated that cost savings could be achieved by an alternative approach.

Car Parking

11. Two recommendations related to car parking were not supported by the April 2017 Cabinet:

**Recommendation 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.**

**Recommendation 9: To return to Cabinet with options on the provision of a car park following the work referred to above.**

Recommendations 8 and 9 as set out in the report were not endorsed and were to be reviewed in a fresh look at the travel plan with a further report to Cabinet as soon as possible.

12. The Project Team has commissioned consultants to produce a report on car parking, which is in draft form, but needs further work on deliverability of options and opportunity cost. The final report will assist the Council in making some strategic decisions, including whether to take forward the site at 1-9 Bath Road.

Other issues

13. Interest was expressed by private sector developer, YTL, in developing an arena within the Brabazon Hangar at Filton as part of their wider, residential-led, development proposals.

14. It is clear that any proposal to develop an arena at the Filton site alongside the existing consented mixed use scheme will require a fresh look at the capacity of existing infrastructure, and a review of options to increase provision across all modes of transport to serve this wider area, and that to achieve this will not be without its challenges. However, In view of the approach from YTL in relation to the possible development of a 12,000-15,000 capacity arena, the Council has agreed to work with South Gloucestershire Council and WECA to look at this issue from both a deliverability and financial standpoint, and examine the comparative value for money of an alternative proposition, as well as the opportunity cost of an alternative mix of

development at a freed-up Temple Quarter site.

15. The timeframe for undertaking this work can be twin tracked within the period earmarked for resolving the outstanding remaining matters relating to the Temple Quarter Arena delivery option outlined above.
16. Between now and the next arena Cabinet paper the Council will maintain the existing strong relationships that it has with stakeholders including the Contractor, the Local Enterprise Partnership (LEP), and the Operator. For the latter, the Council has agreed to extend the condition period in the Agreement for Lease to 7<sup>th</sup> June 2018.
17. Cabinet should note that there is no risk section to this paper. The April Cabinet paper will contain a comprehensive review of project risks.

**Cabinet Member / Officer Recommendations:**

1. There are no decisions required for this paper. Cabinet is asked to note the progress being made on the project and the steps being made towards enabling the Council to make a final decision on the Arena project.

<b>Revenue Cost: £ n/a</b>	<b>Source of Revenue Funding: n/a</b>
<b>Capital Cost: £ 123.5m</b>	<b>Source of Capital Funding:</b> <i>Prudential borrowing, Capital Receipts, Economic Development Fund, Operator contributions, CIL</i>
<b>One off cost <input type="checkbox"/> Ongoing cost <input type="checkbox"/></b>	<b>Saving Proposal <input type="checkbox"/> Income generation proposal <input type="checkbox"/></b>
<b>Finance Advice:</b> Cabinet is asked to note the progress on the Arena development, pending the outcome of a detailed review of the latest offer from The Buckingham Group aligned to finalisation of the Value for Money review of the scheme. A further report will be presented in April, prior to the end-date for the suspension period on the PCSA, when it is anticipated all outstanding due diligence will be completed. It should be noted that there is an ongoing cost during the suspension period.  The capital programme, as agreed by Full Council in February 2017, contains provision for development costs of £123.5m, funded from internal and external sources as detailed in the last report to Cabinet in April 2017. A key element of that financing is the £53m Economic Development Funding previously agreed through the Local Enterprise Partnership, which must be utilised to support programmes that benefit the Enterprise Zone and Areas. That funding is only available on practical completion of the scheme. The Council is, subject to LEP approval, able to substitute funding for an alternative scheme(s) so long as they support the delivery of public infrastructure, including that which would support wider regeneration objectives.	
<b>Finance Business Partner:</b> Chris Holme	

**Corporate Strategy alignment:** Covered in previous Cabinet papers

**Legal Advice:** It should be noted that if the suspension of the PCSA runs beyond 14 May 2018 it will entitle the contractor (at any time thereafter) to terminate the agreement. During the period of suspension the Council is still obliged to pay Buckingham an agreed weekly rate. Thereafter if the PCSA is not terminated the Council is at risk of ongoing charges from Buckingham. The extension of the Condition Period in the Agreement for Lease gives more time for the Council and the Operator to address the various preconditions, however if any remain outstanding by 8 June either party may terminate the agreement. Placing the Arena Island project “on hold” beyond these dates would require the agreement of the relevant partners.

**Legal Team Leader:** Eric Andrews

**Implications on ICT:** No ICT comments sought

<b>ICT Team Leader:</b> N/A
<b>City Benefits:</b> Covered in previous cabinet papers
<b>Consultation Details:</b> N/A

<b>DLT Sign-off</b>	None	N/A
<b>SLT Sign-off</b>	None	N/A
<b>Cabinet Member sign-off</b>	Mayor	<b>04.01.18</b>
<b>For Key Decisions - Mayor's Office sign-off</b>		

Appendix A – Further essential background / detail on the proposal	<b>NO</b>
Appendix B – Details of consultation carried out - internal and external	<b>NO</b>
Appendix C – Summary of any engagement with scrutiny	<b>NO</b>
Appendix D – Risk assessment	<b>NO</b>
Appendix E – Equalities screening / impact assessment of proposal -	<b>NO</b>
Appendix F – Eco-impact screening/ impact assessment of proposal -	<b>NO</b>
Appendix G – Financial Advice	<b>NO</b>
Appendix H – Legal Advice	<b>NO</b>
Appendix I – Combined Background papers	<b>NO</b>
Appendix J – Exempt Information	<b>NO</b>