



Scope
Value for Money Review – Arena Development
Requirements from Consultancy
08/04/2017

1. The Arena Development

- 1.1. Bristol Arena is a proposed 12,000 capacity indoor venue, due to be located on the former diesel depot site (known as 'Arena Island'), near Bristol Temple Meads station. The site lies within Bristol Temple Quarter Enterprise Zone which is intended to be filled with a variety of businesses, projects and initiatives, all of which will feed into it becoming a new, vibrant quarter of the city.
- 1.2. The Arena will be a catalyst for development in the enterprise zone, creating jobs, stimulating economic and business rate growth but more distinctively; it could be considered a game changer in creating a vibrant, mixed use entertainment and business destination, enabling important social benefits to be derived from the City's ability to attract and enjoy a wider variety and higher quality recreation and entertainment options, the creation of civic pride and building a strong local identity.

2. Background and Funding

- 2.1. The Arena project benefits from a site in the Council's ownership, a technical design (RIBA Plan of Work Stage 4), detailed planning permission and a 25 year operational agreement with an operator in place.
- 2.2. Like many Arenas' that have gone before and are now a success story, the Bristol Arena has had its challenges. The venue was originally estimated to cost £91million and earmarked for completion by 2018 further funding subsequently agreed in 2016 for the wider public realm and car park and the Arena Island project was established; with over £123million of capital investment earmarked in the councils capital programme. The funding is largely funded by Bristol City Council and the West of England Local Enterprise Partnership.
- 2.3. The council entered into a Pre-Construction Services Agreement (PCSA) with construction firm Bouygues UK and Target Cost scheduled to be agreed in October 2016. Agreement was not reached and as a result the project will be subject to some delay. Further costings, as part of the target cost mechanism, will now be commissioned from Buckingham Group via a PCSA; to firm up current costings for

the arena as currently proposed and take full advantage of value engineering options available. This will facilitate greater cost certainty for the project.

2.4. A conditional agreement has been entered into for the sale of the phase 2 Arena Island site, originally earmarked for parking; to the University of Bristol and alternative parking solutions are being considered for the Arena. The University intends to establish a Second Campus at Temple Meads. The main elements of the campus are a Digital Innovation Hub, New Business School and University City Village, purpose built student accommodation. This will be an important anchor for regeneration of the TQEZ and will attract other businesses to locate in the area.

3. Value for money review

3.1. The original business case was supported by an economic appraisal prepared by AMION Consulting; however an accumulation of changes direct the need for a refresh of the analysis and underpinning assumptions. We are exposed to varying threats and opportunities from the economic and financial climate, cost plans are being developed, and the need to reflect the wider implications in our economic assessment of the proposed development of the University of Bristol second campus.

3.2. It is important to ensure public investment continues to offer value for money and an economic assessment produced that provides assurance for the Council that the future decisions on the investment can be taken in line with its duty of best value. The value for money review will constitute the economic case for the Arena investment and consider whether all of the collective impacts direct and indirect and associated inter dependencies delivered by the scheme represent good value for taxpayers' and residents of Bristol.

4. The Brief

4.1. Independent Financial infrastructure advisors are required to undertake a Value for Money review on the Arena development; to which the associated contractual arrangements and cost plan in development via the PCSA process will feed in.

4.2. Value for money in this context requires a more complex analysis than identifying the lowest cost or only achieving the most efficient chain of delivery. A development of this scale and complexity cannot be said to offer value for money if it is not effective i.e. if it fails to deliver the benefits which were the justification for its existence in the first place and similarly, the value for money of a programme must be called into question if it meets its objectives at a disproportionate cost.

4.3. In regards to the achievement of economy and efficiency, and the maintenance of adequate systems, practices and procedures for the purpose of evaluating effectiveness; the Value for Money review of the Arena development will include the following:

- Identify the Arena Island objectives.

- Examine the current validity of those objectives and their compatibility with the overall vision and priorities of Bristol City Council and the Bristol Temple Quarter Enterprise Zone.
- Define the outputs from all associated contracts; identify the expected level / trends of those deliverables, key interdependencies and intended impact on businesses, service users, and communities associated with the development activity.
- Examine the extent that the development's objectives will be achieved, the risks associated and comment on the effectiveness with which progress has been achieved to date.
- Identify the level and trend of costs, various funding mechanisms and staffing resources associated with delivering this development effectively. Considering whether any further investment needs to be made in the delivery capacity being proposed and taking where possible an optimal combination of whole life costs to the agreed quality and timescale. It should include any start up and exit costs that will need to be met as well as the direct funding to Operators for the service.
- Assess the strength of the economic case, based on a consistent appraisal methodology that is in line with the principles set out in the HM Treasury Green Book. Identify any major gaps in the evidence base, risk that an element may not pass a value for money threshold and maturity of plans, including the extent of understanding about costs, benefits, scope, timetable and deliverability.
- Comment on the cost/ benefit ratios and in recognition that not all outcomes will be obvious, direct or easily valued; additional evaluations techniques such as Social Return on Investment (SROI) will also be required to establish the full impact of the development and its net worth; an overview should be provided on the efficiency with which the objectives have been achieved to date.
- Comment on the potential to increase benefits and reduce costs as far as possible, including through different interventions and options for funding and financing in a way that minimizes the taxpayer burden, and ensures those that benefit most bear a fair share of the costs.
- Evaluate the degree to which the objectives warrant the allocation of public funding on both an initial and ongoing basis and examine the scope for alternative approaches to achieving these objectives on a more efficient and/or effective basis.
- Specify potential future performance indicators that might be used to better monitor the performance of the development and ensure that the overarching outputs, specified milestones can be delivered on time and within the agreed Target Costs.

4.4.A Value for Money review should not, as a general rule, recommend an increased resource allocation for the programme concerned. Where, in exceptional

circumstances, you are proposing to recommend such an increase it should only be to deliver demonstrable better overall cashable benefits and the Mayor, Deputy Mayor with responsibility for Finance, Governance and Performance and the Chief Finance Officer must be consulted in advance and should identify possible offsetting measures or programmes that would be sufficient to meet the additional costs involved: full details of these offsetting measures would need to be included in the Value for Money review report.

4.5. Reporting:

- The delivery a transparent, impartial and objective report with the expectation that the report will be published in full subject to redaction of commercially sensitive material.
- Based on the information evaluated as part of this review and stated limitations within that analysis a value for money conclusion must be draw with clear supportive evidence and recommendations to support the Council's decision-making and to strengthen the accountability of the development going forward.
- Whilst not taking away from the complexity of the content the report where possible must be written in a format to be accessible to a general readership with simple 'Red, Amber Green systems were appropriate.

4.6. Constraints and Assumptions

- Regular progress briefings in line with the defined project pace will be submitted to the nominated Council officer
- In taking forward this work, the bidder will be expected to engage with relevant stakeholders and Senior Officers in the Bid team will retain the relationship lead on this and Council engagement.
- This review does not seek to assess policy or strategy. It should be noted that the objective of the assessment is to comment on the evaluative process and methodologies, rather than on any policy recommendations set out in documents and reports that will form part of this review.

5. Outputs & Performance Standards

The successful bidder will be expected to provide:

- On-going process reporting throughout, alongside representative presentations as required
- A final report detailing as a minimum all the points outlined in the brief, and other relevant consideration including contractual and legal issues.
- The above report will be required 8 (eight) weeks from appointment with a draft report for comment by Council 2 (two) weeks before

- Advise in a timely manner on relevant market developments that come to light during this assignment and any potential impact on the current contractual arrangements within the development
- Upon conclusion of the review, a handover session of all the intellectual property, including models, (financial or otherwise) optimized and used during this assignment. all written material and presentations in plain English

6. Skills and Experience Required

6.1. The Council requires the appointed consultant to have the following

- A good understanding of the project brief, markets, up to date understanding of Major Projects which deliver broad economic growth and quantifiable GVA; detail the specific role of the proposed team on the stated projects and contacts for the reference sites.
- An appropriately resourced team with all relevant experience and skills and tools to deliver the Council's requirements .Each bidder should provide the following
 - a two-page summary of the proposed team to be deployed on the project together with a CV for each person (maximum 2 x A4 page, font size 10per person), setting out their relevant background and experience
 - the ability of the team to manage the project effectively, and to complete it according to the time schedule laid down by the Council cost of proposal, including number of charge days and daily rate per individual;
 - a resource plan which will identify the intended time commitment of each member of the proposed team which will also identify both the overall relationship lead, which should be the lead team member when working in the Council's premises .
 - Reach back capacity available to enable all the objectives outlined to be delivered at the appropriate quality of output.
 - A progress reporting regime which will include team member's actual time spent on the commission.

7. Proposals & Pricing

- The Bidder should provide their proposed approach including an indicative programme which will include details of which members of the proposed team will be assigned to the different elements with an indication of the likely time spent on particular elements
- An outline of any additional scenarios that the bidder proposes that the Council could consider with associated rational
- The project should be priced on the basis of a fixed fee, including all expenses and disbursements.

- Details of any impact on the fixed price should the Council agree to adopt any additional scenario(s) proposed by the bidder
- In the event that additional work is required by the client each bidder should set out, as part of its proposals, the hourly or daily rates for each staff member
- The Council will require relevant warranties and professional indemnity limit will be capped at £2M overall. Employee Liability Insurance cover should be £10M and Public Liability Insurance should be £5M cover.
- Once appointed any changes in the team cannot be made without the Council's express agreement
- The final report and all intellectual property will remain the property of Bristol City Council

8. Statement of Technical Requirements

- Bidders are required to issue a statement to provide assure they can act on behalf of the council, with no conflicting representation to other related parties on this development. Any previous engagement in this development must be outlined.
- The bidder may wish to engage external specialists on specific aspects of this assignment; this should be clearly stated in the proposal and in that event there will need to be a direct duty of care to the Council.
- Compliance with the Data Protection Act

9. Selection Criteria and Process

9.1. Procurement of the contractor will be undertaken through the Council's procurement portal, and all correspondence will be managed solely through that.

The criteria for selection are:

- 60% of the score will be based on the quality of the proposals
- 40% of the score will be based on the price