



**Nottingham City Council
Review of Victoria Embankment**

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Attendees:

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1. Overall Assessment

- 1.1.1 The project will build on existing investment on or around the area to complement services available to citizens. It is also innovative and regenerative in nature while representing minimal capital fund risk when the anticipated third party funding is secured.
- 1.1.2 This project builds on previous successes with the HLF that were delivered to time and budget. The Council team overseeing this project is largely based on those previous successes so understand the relationships and processes required and have a good track record of delivery.
- 1.1.3 Longer term revenue implications need to be identified and a wider understanding around risk for internal and cafe partner resource and partnership is needed, particularly given the pandemic and the Council's Recovery and Improvement Programme.

2. Context

2.1 Review Status

- 2.1.1 This project will concentrate on the improvement and future sustainability of the Grade II listed Memorial Gardens and its surrounds at Victoria Embankment. It will deliver the following:
 - A refurbished 64 cover cafe / meeting area
 - Restore the War Memorial, the under croft, including toilet provision.
 - Upgrades and access improvements to footpaths, lighting, gates and main entrances.
 - Restoration of the Queen Victoria Statue & the ponds and fountain
 - Planting, tree works and street furniture
 - Restoration and Improvement of the Existing Café to create a visitor centre
 - Deliver and Engagement Programme to include volunteering, events, concerts, work placements, educational activities.
- 2.1.2 This will develop a popular visitor experience to increase visitor numbers and health and wellbeing and also provide volunteering and work-experience opportunities for citizens including military veterans

3. Panel Discussion

3.1 Strategy

- 3.1.1 Links with key internal partners have been identified as crucial to the overall success of the project and include, but are not limited to, Highways and Adult Social Care. Early discussions have already been held with appropriate contacts in these areas and more engagement is planned. Examples where dialogue will be crucial would include the closure of the embankment to vehicular traffic and increased footfall.



3.1.2 The Future Parks Accelerator Team have also been working with Adult Services and Public Health to secure funding based on improved wellbeing and health and deliver disability friendly access improvements. These will continue but care should be taken to consider any impact that the Recovery and Improvement Plan may have on resourcing going forward.

3.2 Programme

3.2.1 It is accepted that the project currently has a programme in place and that the document will require updating and refreshing at regular intervals, including post tender award.

3.2.2 However, certain inclusions, some of which will admittedly be indicative at the current time should be included as soon as is practicable to provide some clarity and assurance. This would include but not be limited to legal considerations and café fit out plans.

3.3 Legal

3.3.1 Appropriate legal and property plus resource should be secured and included within the programme, potentially even as a stand-alone workstream. Initial discussions with the leaseholder have been positive and a shared understanding of the project benefits (increased customer demand) clearly suggest that the café provision will progress positively.

3.3.2 The HLF obligations (including Compensation Events and Change Requests) will require other resources from the council. An NHLF Mentor and Support Officer to the project should allow appropriate response and engagement. It is also noted the project team contain appropriate levels of experience that understand the obligations of the funders and the levels of decisions they are allowed to make without recourse to explicit permissions. However, risk still exists around deliverability so mitigation should be developed through seeking agreement in writing with the HLF that commercial agreement consent will be assumed if no response within time is received, or alternatively a clause giving greater flexibility on response times to Compensation Events with the contractor should be considered..

3.4 Grant offer

3.4.1 Clarity around the current grant offer was provided confirming that project completion and full grant spend are required by September 2022. The project are currently confident these deliverables can be met and have provided an indicative programme to that effect (although a more detailed programme will be required – see earlier).

3.5 Procurement

3.5.1 Currently, only Lindums have been procured as the external contractor to deliver the project. All other resource is intended to be sought from in house provision. These will include QS, architects, CDM and Project Management. The NLHF will be required to approve these appointments as part of the grant condition process so care needs to be given to ensure procurement compliance and quality of that resource is in line with funder expectations.



3.6 Costs

- 3.6.1 Capital works cost have been monitored and tracked from the beginning of the project and this will need to continue, particularly given the council's current financial position. Initial tracking has been in place from both Lindums and in-house which has allowed budget to be tailored against projected available finance. Market testing has also taken place to ensure realistic costings are in mind prior to tender returns.
- 3.6.2 Tender returns are currently expected at the end of March. Certain assumptions have been included in the tender outlines re benches, CCTV, signage planting and lighting. Early indications are that the project will be affordable and are within expectations.
- 3.6.3 Contingency is set at 8% and equates to £64k. There is an additional inflationary allowance of £54k. It is noted that the funder do not allow above the line contingency which therefore requires all works to be included within the construction contract.
- 3.6.4 Although the scheme will be fully costed and scoped in line with the available funding there would be an additional opportunity to enter in to a value engineering exercise if the project was not affordable within the funded cost envelope. The project team have a full understanding of the current financial position of the council and the fact that there is no additional funding that would be made available to subsidise the project in the event of shortfall.
- 3.6.5 Lifecycle costs remain a consideration but the key risk is likely the ongoing revenue cost / funding model. The Project Team are confident (see section 3.7.7) that commitments can be met from budget. However it should be noted that the Council is about to undertake significant work on its MTFS, so no current certainty is in place that these assumptions hold definitively.
- 3.6.6 The Management and Maintenance Plan (currently in development) plan also intends that the Park Ranger role will attract volunteer roles to assist both management and maintenance of the site. This will provide a cost effective solution and result in a positive impact on future budget strain. It was also noted by the project that the do nothing option would likely incur council costs. The café is already contained within existing budgets so will not provide additional strain.

3.7 Funding

- 3.7.1 Initial review of the documentation found that it was not wholly clear what the current position of the project was in relation to all levels of funding. Consequently it is recommended that project documentation be updated to address this gap in understanding.
- 3.7.2 There is a risk of that if costs are over budget (or the unsecured funding isn't secured) that value engineering will be required (as per 3.6.4). This would require Lindums to complete a compensation event to remove work to make the scheme affordable.



- 3.7.3 The Review Team identified from the available information a worst case scenario of up to 55% of match funding not being available.
 - 3.7.4 After clarification, this risk however is markedly reduced. Funding streams have been explained with secured S106 funding of £223k now in place, leaving a current shortfall of £46k. This amount is currently being discussed with planning to identify potential opportunities for additional S106 funding.
 - 3.7.5 Further funding of £100k from an Armed Forces covenant and an £80k FCC bid are confidently predicted as being successful although failure to secure these totals could still result in a de scoping / value engineering exercise to ensure the council do not carry additional risk.
 - 3.7.6 Council funding of £67k will be required over a five year period. This is already agreed and contained within existing wider budgetary provision. Additional funding is also being sought from a war memorial fund where an expression of interest has already been submitted.
 - 3.7.7 The business case has completed a revenue projection exercise for the first 8 years. This modelling will continue to be assessed and revised accordingly both prior to completion and through café opening and beyond. The Review Team identified a need to consider inflation in modelling and whilst this isn't currently explicitly included the project team believe they have identified sufficient flexibility in both material and discretionary spends to incorporate inflation in calculations going forward.
 - 3.7.8 It is, as yet, unclear if additional revenue costs funded from external grant / donations could be ring-fenced as capital and consequently may not allow revenue costs to be offset against them. The project team have planned to target grant funds specific to revenue activities e.g. awards for all, Sport England and Armed Forces Community Covenant funds. It is also intended to build in a year 3 and 6 review to allow for adjustments to be made in line with income achievement.
- 3.8 Service area considerations
- 3.8.1 Consideration is needed around the wider parks / spaces council provision, particularly around prioritisation, resourcing of upkeep and also funding. The financial position of the Council may require a contraction of non- statutory services in the future meaning that new projects should clearly demonstrate a strategic priority and a demonstrable business benefit.
 - 3.8.2 The project identifies the embankment to be a key site of historic importance as well as being situated in an area that will generate high levels of citizen footfall. The specific employment of a Team Leader / ranger will result in a responsible resource being in place to deliver the activity plan that will both promote and upkeep the site.
 - 3.8.3 Funding from 2027 remains undefined. It is understood that the HLF will expect the Council will be increasing its funding after Y5, and no activity would be removed. An



additional option remains (not recommended) that the activity programme from that date could be proportionately downsized if no council funding were available but that may go against HLF funding requirements and should be carefully considered if this approach were to be discussed.

3.9 Other

- 3.9.1 It is anticipated that given the high footfall there will be a high occupancy of the café provision throughout the year and full occupancy during the summer months. The location lends itself to high demand from both passing and sit down trade. Additional opportunities of educational and meeting events will also generate a market need for refreshments.
- 3.9.2 Café income targets are projected to be driven through increased rental achievement. However it is not yet clear whether there will be any measurable targets agreed in place re footfall and/or spend levels.
- 3.9.3 The additional benefits of the project will include providing support and job opportunities to army veterans through a rotational approach. Positive meetings have already been held with the careers transition service and defence transition partnership to further develop the offer. Also, key partners are in place including a WW2 roll of honour group and other Nottingham based military connected organisations.
- 3.9.4 Further engagement to continue to improve access and service delivery is planned with in house partners (including Highways and Social Care). Future resources of these areas may be limited, particularly given the council's current Recovery and Improvement programme. Therefore agreements for future partnership working should be confirmed and noted as far as is reasonable to do so.

4. Project Appraisal Group Recommendations

The Panel makes the following recommendations:

Ref No.	Recommendation	Critical / Essential / Recommended
1	Project documentation to be updated to more accurately reflect the current state of funding	Essential (within 2 months)
2	The programme be updated to incorporate the legal, commercial and fit out work required to ensure the café delivers to time and cost	Essential (within 2 months)
3	Clarity is provided to satisfy the Council that unsecured funding gaps are being addressed and mitigated. This should include a clearly outlined strategy	Essential (within 2 months)



4	Plans are in place to ensure that revenue considerations (including for example inflation) and risk is being analysed and mitigated and that this assurance will be presented to decision makers	Essential (within 4 months)
5	Confirmation in writing is shared with the HLF to seek agreement that commercial agreement consent will be assumed if no response to compensation events / contingency spend within time is received, or alternatively flexibility on response times is provided in the contract with Lindums.	Essential (within 4 months)
6	Agreements / links with both Highways and Social Care are agreed and minuted, particularly in light of Recovery and Improvement programme changes. Additionally, and for the same reasons confirmation around in house resource should be further confirmed.	Recommended

Key

Critical (Do Now)	- To increase the likelihood of mitigating the risk profile to the Council that this investment exposes, it is of the greatest importance that action is taken immediately.
Essential (Do By)	- To increase the likelihood of understanding/mitigating the significant risks to the Council, action is taken prior to proceeding to Heads of Terms.
Recommended	- The decision should benefit from the update of this recommendation.