

EXECUTIVE BOARD – 31st July 2018

Subject:	Broadmarsh Car Park Development
Corporate Director(s)/Director(s):	David Bishop, Deputy Chief Executive/Corporate Director of Development and Growth Chris Deas, Director of Major Projects
Portfolio Holder(s):	Councillor Jon Collins, Leader of the Council/Portfolio Holder for Regeneration and Growth Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Finance, Resources and Commercial Services
Report author and contact details:	David Bishop, Deputy Chief Executive/Corporate Director of Development and Growth Email: david.bishop@nottinghamcity.gov.uk Tel: 0115 987 63758
Subject to call-in: <input checked="" type="checkbox"/> Yes	
Key Decision: <input checked="" type="checkbox"/> Yes	
Criteria for Key Decision:	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure: <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
Total value of the decision: Contained within exempt appendix D	
Wards affected: All	
Date of consultation with Portfolio Holder(s): 18 th July 2018	
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input checked="" type="checkbox"/>
Schools	<input type="checkbox"/>
Planning and Housing	<input checked="" type="checkbox"/>
Community Services	<input type="checkbox"/>
Energy, Sustainability and Customer	<input type="checkbox"/>
Jobs, Growth and Transport	<input checked="" type="checkbox"/>
Adults, Health and Community Sector	<input type="checkbox"/>
Children, Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input checked="" type="checkbox"/>
Resources and Neighbourhood Regeneration	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>This report seeks approval to commence the Broadmarsh Car Park (BMCP) development to create a brand new contemporary car park with an integrated bus station and complementary retail. The BMCP development is an integral part of the wider Broadmarsh programme which will deliver significant regeneration in the southern side of the City.</p> <p>This report provides an update on the scheme for approval prior to awarding the main construction contract.</p>	
Exempt information: Appendices B, C and D to this report are exempt from publication under paragraph 3 and 5 of Schedule 12A to the Local Government Act 1972 because they contain commercially sensitive information relating to contract negotiations and because one contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings and having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information as disclosure of this information at this stage could jeopardise the Council's negotiating position.	

Recommendation(s):	
1	To approve the current projected cost of the Broadmarsh car park development as laid out in the appendix D and for it to proceed to construction, with contracts let by Christmas 2018, amending the capital programme accordingly.
2	To note the progress of construction contract negotiations and delegate authority to the Deputy Chief Executive/Director of Development in consultation with the Leader of the Council/Portfolio Holder for Regeneration and Growth to agree any additions/alterations to the contract, subject to any such amendments being contained within the finances as outlined in appendix D.
3	To approve delegated authority to the Deputy Chief Executive/Director of Development in consultation with the Leader of the Council/Portfolio Holder for Regeneration and Growth to authorise the signature of the construction contract and other agreements, including external funding arrangements relating to the completion of the project, within the financial parameters outlined in the finance comments in appendix D.
4	To endorse the ongoing project resourcing required to deliver the development and the above works in the manner laid out in the finance comments in appendix D.

1 REASONS FOR RECOMMENDATIONS

- 1.1 The recommendations will enable the BMCP development to be achieved.

2 BACKGROUND

- 2.1 For some time, as part of its wider Growth Plan, the Council has been aiming to achieve a comprehensive regeneration of the Southern City Centre, to maximise the positive economic impact on the local economy, bringing new jobs and greater prosperity to the City. This follows on from the completion of the Transport Hub at the railway station, the new tram extensions arriving there, transformation of Station Street, and more public/private investment in Carrington Street.
- 2.2 The new Nottingham College project has also now commenced and transformation of the Castle is progressing well. The next major projects to commence will be the BMCP development and Broadmarsh Shopping Centre redevelopments.
- 2.3 The BMCP development has now reached an important stage in delivery and key decisions now need to be made.

2.4 Project Progress

- 2.5 It has always been the aspiration of the Council to transform the BMCP and bus station to complement the Shopping Centre redevelopment scheme. This is also a requirement of the Development Agreement between the Council and intu. It had been hoped that this could be achieved by refurbishing the existing building, but as is the case with many similar structures from the 60's and 70's, this proved to be very challenging.
- 2.6 During 2016 it was found that the physical condition of the BMCP had continued to deteriorate significantly more than initial investigation had revealed, indeed the ongoing costs of keeping the car park open, safe and functional were becoming unsustainable. Efforts were made to bring forward a comprehensive refurbishment scheme, but ultimately contractor prices for doing this were simply too costly and warranties were not forthcoming. Following a cost benefit analysis, a report to the February 2017 Executive Board led to the decision to progress towards a demolition and rebuild option.
- 2.7 The Council resolved at the 1st June 2017 Executive Board to proceed with the decant and demolition of the BMCP to facilitate a new development.
- 2.8 The Council secured planning approval for the new BMCP development on the 22nd February.
- 2.9 Design and procurement of the BMCP development has progressed and tenders have been received from 4 bidders. Commercial negotiations are progressing well and subject to the recommendation in this report being agreed, it is expected a contract can be awarded in late 2018.
- 2.10 To address the funding challenge that the new BMCP development presents, significant effort is being made to secure the most value for money

construction price. The Government through the Local Enterprise Partnership, have agreed to provide a significant proportion of Local Growth Fund, and this adds to earlier monies secured for the Bus Station upgrade. The new Car Park is of course expected to attract many more visitors than presently when the area transformation is complete with more rapid turnover of spaces (retail and leisure, as opposed to commuter), leading to higher car park income than today. The combination of grant, income uplift, and new income, has enabled a robust financial funding solution for the BMCP Development to be generated.

- 2.11 To ensure the currently consented scheme can be delivered there are still various agreements to be made with stakeholders. Work is underway to agree these and other necessary detailed changes, with approval in principle already secured.

BMCP Development

- 2.12 The scope of the BMCP redevelopment includes a complete rebuild, to provide a new car park, bus station and the creation of new retail space. This will provide the following within a bright, safe and clean environment:

- 1341 space car park with dedicated accessible spaces, dedicated parent and child spaces, electric car charging spaces and a taxi drop off zone.
- A modern and operationally more efficient Bus Station which delivers an enhanced user experience and reinforces the transport hub at Nottingham train station.
- Retail units located along Carrington Street, Collin Street and also along the concourse area fronting onto the Bus Station.
- Digital Media Screens. Three panels situated on key entrances to the BMCP. To be delivered by a concession agreement with a third party provider.
- Photovoltaic Panels situated on the roof of the building to feed into the operational demand of the new building.

2.13 Strategic Context

- 2.14 In combination, the positive impact of the wider Broadmarsh programme (total investment £250m) is forecast to be a very significant return for the local economy – 3000 jobs, £10 billion GVA uplift over 10 years, circa 3 million new visitors per year, with restored City centre profile and reputation.
- 2.15 The positive impact of these planned investments, and the elements already delivered outlined above, can already be seen in the vicinity with property market interest galvanised and other private developments coming forward. The commitment of this scheme is expected to further promote regeneration momentum in this part of the City with undoubted economic benefit to the City Centre economy.
- 2.16 The establishment of the BMCP development alone is expected, once fully open, to create over 100 direct jobs and add almost £3m additional Gross Value Added to the Nottingham economy. The new development will be a very significant modern building in the south of the city, and a high quality addition to the

townscape between the railway station and the city centre contributing to the transformation of the wider Broadmarsh area.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 The following options have been considered:

- Do nothing – rejected as this would be in breach of the lease agreement with intu, would miss the opportunity for the Council to secure car parking income and other revenue and would have a significant detrimental impact on the economic vitality of the city and fail to deliver the council's ambition to regenerate the Southern Gateway to the city.
- Delaying the start of the BMCP development until Broadmarsh shopping centre development is confirmed – rejected as the BMCP development benefits highlighted above would be delayed. There is also potential that a delay would have a detrimental impact on investment decisions potentially slowing the growth momentum that is currently evident in this part of the city.
- Pursuing a lower cost option – although a reduced scope development could meet the lease agreement with intu this option is rejected as it would not achieve the Council's economic growth ambition for the area nor would it maximise future Council income from the development.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

4.1 Finance advice – contained within exempt appendix D.

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

5.1 Legal Advice – contained within exempt appendix D.

5.2 The Procurement Team broadly supports the recommendations set out in this report with the proviso that the team continue to be engaged in the negotiation stage of a formal tender procedure, and that the appointment of a contractor and signing of the construction contract will be subject to the successful conclusion of the tender procedure and award to the winning tenderer in compliance with Contract Procedure Rules and the Public Contracts Regulations 2015.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

6.1 Strategic Assets and Property comments – contained within exempt appendix D.

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 The merits of these proposals for the City are clear, offering the prospect of more jobs, prosperity, and better quality of life for citizens.

8 RISK MANAGEMENT

- 8.1 There are a number of risks associated with the proposals contained in this report, and these are discussed in more detail in the Summary Risk Register contained in Appendix C. The headline risks are as follows:

Commercial

- Financial projections deteriorate due to:
 - Increasing build costs – Final tender returns exceed budget or tenderers withdraw from process.
 - Council does not achieve projected financial incomes from car park, bus station, retail and digital screens.
- amendments to user clauses in the Lease or other matters are not agreed.

Delivery

- Unable to complete car park construction by longstop date leads to claims against the Council.
- Interference with trading of Tanners Walk units below car park structure during new build.

- 8.2 A risk mitigation plan is in place to actively manage these and other current project risks.
- 8.3 A Project Appraisal Group (PAG) review has been undertaken and the PAG recommendations are being finalised. An action plan will be established to ensure PAG recommendations are fully considered as the project progresses.

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

Yes ✓

Attached as Appendix E and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 10.1 None.

Appendices:

Appendix A – Artists impressions
Appendix B – Marketing report - Exempt
Appendix C - Summary Risk Register - Exempt

