

Leader's Key Decision Form

LKD

REF NO

2016

Department

Development and Growth

Subject

Nottingham Enterprise Zone – Boots Campus Infrastructure Works

Decision

This is a Key Decision taken by the Leader of the Council.

Subject to call-in: ~~Yes~~ No

Total value of decision: £7m

Revenue or Capital: Capital

Decision taken

1. To delegate to the Corporate Director for Development and Growth the ability to enter into (and fulfil our obligations within) contracts:
 - a. to deliver infrastructure works
 - b. to provide project management services

as part of the 'Nottingham Enterprise Zone - Boots Campus Infrastructure Works' project

2. To note that NCC's share of the ultimate value of these combined contracts shall not exceed the £7m funds already committed for this purpose. This comprises £2m of NCC funds and £5m of LEP Growing Places Fund.
3. To dispense with Contract Procedure Rule 5.1.2 under Financial Regulation 3.29 regarding the appointment of project management services for operational reasons.

Details of these contracts are contained in an appendix which is exempt from publication as it contains commercially confidential information.

This decision is subject to JVCo (a joint venture company of Walgreens Boots Alliance and HM Government) entering into parallel contracts.

Other Options Considered

(with reasons for rejecting options not favoured)

1. Not approving the funding commitment and contracts – REJECTED.

The Nottingham Enterprise Zone is a key development site identified as part of the Nottingham Growth Plan which, when developed, will enable the creation of up to 4,110 new jobs. Previous Executive Board decisions taken by the City Council have allocated resources to this project alongside partners in Walgreens Boots Alliance, the Department for Communities and Local Government and the D2N2 Local Enterprise Partnership in the expectation of proceeding.

2. Not approving the recommended preferred suppliers of infrastructure works – REJECTED.

The preferred suppliers have been selected as the result of a legally compliant procurement exercise, supported by technical and legal experts from JVCo and NCC. Any risks identified through the procurement process can be mitigated through robust project management for which a specialist firm is being appointed.

Reasons for Decision(s)

The Nottingham Enterprise Zone is a key component of the Nottingham Growth Plan. The Boots Campus site (which is part of the Enterprise Zone) will generate up to 4,110 new jobs, safeguard up to 1,700 jobs and enable the building of up to 675 new dwellings. Infrastructure works are essential to bring the site to the market to enable further investment and development of the commercial land.

Enterprise Zones are one of the Government's flagship growth policies which was announced by the Prime Minister and Deputy Prime Minister on the Boots Campus in March 2011.

Nottingham City Council is working in partnership with a Joint Venture Company (JVCo) formed between the Department for Communities and Local Government and Walgreens Boots Alliance through which site investment and development is being managed.

The total costs of the infrastructure works are estimated at a ceiling of £22m, of which £15m is being invested through the JVCo and £7m is being provided through Nottingham City Council (NCC). Within this £7m, £5m has been provided via D2N2 LEP (for which NCC will act as Accountable Body), with £2m being provided from funding provided to NCC by the Homes and Communities Agency. Previous decisions to allocate this funding for this purpose have been made by Executive Board as set out in the background below.

The scope of works within the £7m NCC funding envelope includes:

- The construction of public infrastructure works including a new link road between Thane Road and Humber Road South
- The construction of a new bridge over the Nottingham-Beeston

canal

- All works associated with, and ancillary to, the works above to support public infrastructure improvements
- A share of the project management and technical advisory costs.

The scope of works is compliant with the scope of the full Planning Permission granted on 17 December 2014.

Following a period of comprehensive pre-construction planning and a legally compliant public procurement process, we are now in a position to appoint two sets of contractors to a) project manage and b) deliver the infrastructure works, subject to this formal decision. The intention is to appoint both sets of contractors in parallel with JVCo to enable the integrated delivery of the full infrastructure project.

Council officers from Economic Development, Highways, Legal, Procurement, Major Projects and Finance have been involved through the process. A recent independent review commissioned by the Head of Service for Highways has confirmed that the process should result in the selection of a supplier who can effectively deliver NCC's highways and infrastructure requirements.

The decision therefore seeks approval to appoint these suppliers to enable the delivery of Nottingham Enterprise Zone Boots Campus Infrastructure Works, with delegation to the Corporate Director for Development and Growth to sign contracts and thereafter fulfil our obligations within those contracts.

Contained as an option within the scope of works is work to improve the junction between Thane Road and the A52. This has been scoped and costed on a provisional basis. We therefore propose to undertake further work with the contractor to ascertain whether this scheme (or part of it) can be delivered within budget and identify options if this is not possible.

Risks and mitigation

There has been an independent review undertaken by Morgan Tucker of the scope of works for the main contractor. This identified the main areas of risk within the works items as "dealing with and gaining appropriate approvals for the following; unforeseen ground conditions; Utilities diversions, abandonments, and new supplies; hazardous materials; surface water drainage; foul water drainage; and the new Canal Bridge. Of all of these items, only the new Canal Bridge is the responsibility of NCC, all of the other items are the responsibility of JVCO.

With respect to the Canal Bridge works the key areas of risk lie with the adoption of the Bridge Structure (whether it be owned ultimately by NCC as the Highway Authority, or the Canals and Rivers Trust (CRT) as it

crosses their canal), and the need for a Tripartite Agreement for the bridge crossing itself. However, correctly managed by a professional team experienced in dealing with the CRT, all risks would be mitigated as far as is reasonably practicable. Additionally, following the previous review processes, sufficient coverage within the Tender Documents exists to ensure that the selected Contractor will have given adequate provision to cover the costs of all requirements associated with implementing the Canal Bridge. It is also understood that the collateral warranties for the contractor and sub-contractors with design responsibility will ensure the completion of the works and structures in the event of any major issues with the Contractor.

On a more general level, in order to mitigate and minimise risk to the project it is important that all of the tasks... above are carried out efficiently and diligently on behalf of the Client Organisations by a body or bodies that have a good invested knowledge of the scheme and its historical development."

This advice is being followed so as to mitigate risks identified.

Affected Wards

Dunkirk and Lenton.

Advice Sought

	Yes	No
Legal	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Finance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Human Resources	<input type="checkbox"/>	<input type="checkbox"/>
Equality & Community Relations Team	<input type="checkbox"/>	<input type="checkbox"/>
Procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
- Highways		

Details of Consultations undertaken

	Yes	No	Name and Date
Portfolio Holder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cllr Collins, Cllr Chapman (On-going through Strategic Regeneration Board)
Ward Councillors	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Area Committee	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Other Council Bodies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Executive Board (22/5 2012, 19/2/2013); Planning Committee 17/12/2014)
Corp. Directors Affected	<input checked="" type="checkbox"/>		David Bishop (on-going), Glen O'Connell (23/4)
Trades Unions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Minority Group	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Others (Specify)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<u>Reasons for not consulting</u>			

Consultation Outcomes

At its meeting on 22nd May 2012, Executive Board agreed that NCC would act as Accountable Body on behalf of the D2N2 LEP in administering the Growing Places Fund which includes both the D2N2 LEP call for projects and the support to the Nottingham Enterprise Zone.

At its meeting on 19th February 2013, the Executive Board approved the allocation of £2m towards the project to construct highway infrastructure unlocking the potential of the Nottingham Enterprise Zone to be complemented by up to £5m from the D2N2 LEP.

The Executive Board also granted delegated authority to the Corporate Director of Development in consultation with both the Leader of the Council and Portfolio Holder for Economic Development, Resources and Regeneration to enter into all agreements required to implement the decisions of the D2N2 LEP in respect of the Nottingham Enterprise Zone subject to satisfactory due diligence and through agreements and documentation considered suitable by the Director of Legal and Democratic Services. In addition delegated authority was given to the Corporate Director of Development in consultation with both the Leader of the Council and Portfolio Holder for Economic Development, Resources and Regeneration to carry out all activity necessary for NCC to (a) properly protect the support totalling £7m to the Nottingham Enterprise Zone and (b) facilitate the delivery of the project as advantageously as possible to all stakeholders on terms considered suitable by the Director of Legal and Democratic Services.

At Planning Committee on 17 December 2014 NCC members approved both the full and outline planning applications. The 'full' permission consists of a new road through the Boots site connecting Thane Road to Beeston, a new canal bridge and other works including earthworks for flood mitigation, remediation of contaminated land and utilities and drainage infrastructure. This is sufficient permission to undertake the works within the scope of the Infrastructure Works contract.

In addition, outline planning permission, which will be subject to first completing a Section 106 Agreement, grants consent for up to 675 dwellings, up to 82,000m² of employment floor space (including B1, B2, B8 and Health and Well Being uses), up to 2,500m² of retail and food and drink uses and associated infrastructure. As this is an outline permission, with all matters reserved for further consideration, a series of 'reserved matters' applications will be required to establish the detail of the various approved uses. It is anticipated this will come forward in a phased manner.

Financial Observations

This report recommends acceptance of tenders as set out in the exempt appendix. The total cost of the public infrastructure works to be funded by the City Council is capped at £7m and spend on the accepted contracts must be contained within that sum.

The City Council is contributing £2m from its capital resources (originally provided by HCA) to part fund the public infrastructure and is the Accountable Body for the Growing Places Fund on behalf of the D2N2 LEP which has allocated £5m towards these works. As the Accountable Body, the duties include undertaking due diligence to inform investment decisions, providing regular financial updates, monitoring information and progress reports plus providing a statement to DCLG confirming that funding has been spent in line with their conditions.

The City Council's capital programme includes a provision for the estimated cost of the public infrastructure works against which these costs may be charged.

In 2013, DCLG made a Regulation which designated EZ areas for a period of 25 years commencing on 1st April 2013, within which the relevant LEP will retain any new Business Rates. In the case of the Nottingham EZ, the Boots campus is listed.

The D2N2 LEP resolved that all GPF support will be provided in the form of loans and at its meeting on 18th June 2012, it was noted that the '£5m GPF investment by the D2N2 LEP will be paid back through the Business Rates uplift over the next 25 years'. It was also agreed that Boots Property Ltd would not be required to guarantee repayment of the £5m by any specific date should the uplift in Business Rates be lower than predicted.

Accordingly, the additional Business Rates generated across the Nottingham EZ including the Boots Campus, within the 25 year period will be used to repay the GPF loan of £5m (baseline levels of existing rateable values were published in the regulation).

It will be necessary to dispense with Contract Procedure Rule 5.1.2 under Financial Regulation 3.29 for the appointment of project managers for operational reasons as set out in the exempt appendix.

Legal Observations

This project has been the subject of extensive legal advice both from the internal legal team and from specialist external lawyers.

The proposals set out in this decision represent the most realistic options for delivering the project in a legally compliant and cost effective manner.

The works for the construction will be the subject of a contract with the successful tenderer based on NEC terms and conditions. There will also be a separate contract in respect of project management services. As far as the construction of the Bridge is concerned the mechanism for securing the public investment in the infrastructure has already been approved under a separate delegated decision (No 1975). The detailed documentation relating to this element and the right to construct the

bridge over the canal will be the subject of separate agreements between the Canal and Rivers Trust (CRT), the Council and Boots. This agreement is imminent and will be concluded before we enter into the Works Contract.

Procurement observations

The partnership's preferred supplier for project management services has been responsible for project management of the pre-construction works and their understanding of the complex project is such that it is critical to success, for their role to continue to manage the construction works.

A dispensation from the Council's contract procedure rules and financial regulations is required to enable the direct award of a contract to the preferred supplier. The dispensation is supported from a procurement perspective for the reason given above and because conducting a tender exercise would incur a time delay and cost as the new project manager would need time to get up to speed with the project and not have the extensive background knowledge.

The selection of a contractor to undertake the works has been undertaken via an OJEU compliant tender process and complies with financial regulations and contract procedure rules.

Highways observations

The total project budget is £22m. The split of this for delivery of the works is £7m where NCC are the accountable body for the Public Infrastructure (Highways & Drainage, etc.) and £15m where the JVCO/BPL are responsible for all other enabling works including utilities and dealing with contamination risk. The procurement process followed has been reviewed by external consultants and confirmed as being appropriate to deliver the project requirements; this includes the new road and bridge which is proposed to be adopted.

The spine road and bridge were the subject of a detailed planning application dated 17th December 2014. There were no conditions applied that require additional works outside the approved scheme.

Background to the decision

The Nottingham Enterprise Zone covers an area of 130 hectares including a 100 hectare site on the Walgreen Alliance Boots Campus. The Enterprise Zone is central to the Nottingham Growth Plan and will create a business environment which supports growth focussing on beauty and healthcare, medical, bioscience and manufacturing sectors. The estimated job creation for the Boots site demonstrates that the development could create up to 4,110 new jobs and help to safeguard 1,700 manufacturing jobs. Boots have also estimated that a further 2,556 jobs would be created or safeguarded in the supply chain.

The total package of infrastructure works and associated professional fees required to bring forward the Boots Campus site totals £22m which was agreed by the D2N2 LEP Board. NCC is committed alongside Boots Property Limited and Nottingham Enterprise Zone Development Company Limited (JVCo) to manage the Master Agreement and Infrastructure Works Development Agreement, which provides an overview of the public works to be constructed. Of the £22m, £7m is being provided through Nottingham City Council (NCC). Within this £7m, £5m has been provided via D2N2 LEP (for which NCC will act as Accountable Body), with £2m being provided direct from NCC resources.

The remaining £15m is held by a Joint Venture Company between Alliance Boots and Department of Communities and Local Government (DCLG). This amount is made up of £10m from Alliance Boots and £5m from DCLG, to finance all the enabling and decontamination works required to prepare the site. The total cost of all the infrastructure works and associated project management and technical advisory services will be contained within the £22m envelope

NRL on behalf of JVCo and NCC has led a procurement exercise to secure a single contractor to undertake all the Infrastructure works. This contractor will be awarded two contracts. One to undertake the public infrastructure works (access road and new bridge etc) and one to undertake the enabling works including remediation. The scope of each of the contracts is as follows:

Contract 1 – Client: JVCO – ‘Enabling Works’

- Utilities Diversions, abandonments, and new supplies
- Demolition works
- Hazardous materials
- Environmental clean-up of Contaminated land
- Temporary works
- Flood Mitigation works
- Relocation of Buildings
- Strategic Surface Water drainage and diversions
- Foul Drainage (including Pumping Stations and Rising Mains)
- Upgrade works to Existing Bridge and structures
- Liaison with Contractor, Designers, Clients, and approving bodies

Contract 2 – Client: NCC – ‘Spine Road and Infrastructure’

- Highway Drainage
- Traffic Management
- Highways Pavements
- Boundary Treatment
- Structures (Canal Bridge and retaining structures)
- Junction Improvements
- Liaison with Contractor, Designers, Clients, and approving bodies
- Ecology, namely Bats & Newts
- Section 38/278 interface approval

Subject to this decision, the following timetable will apply:

- Contract awarded ~ June
- Start on Site ~ June
- Construction complete ~ October 2016
- Project complete ~ December 2016.

**Declared colleague/
Councillor Interests**

None

**Dispensation by
Standards Committee**

Date:

Dispensation Reference:

Equalities

Has the equality impact of the decision been assessed?

NO

☒

YES – equality impact assessment attached

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Social Value Implications

The projects will unlock up to 4,100 new local jobs, 675 homes and 82,000m2 of employment floor space.

**Crime and Disorder
Implications**

None anticipated.

Published Documents

Executive Board (22/5/2012): Report and Minutes
Executive Board (19/2/2013): Report and Minutes
Planning Committee (17/12/2014): Report and Minutes

Background Papers

Nottingham Growth Plan (Nottingham City Council 2012)

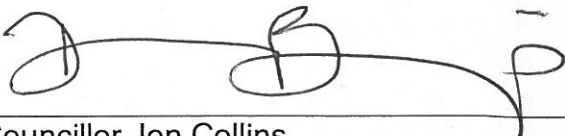
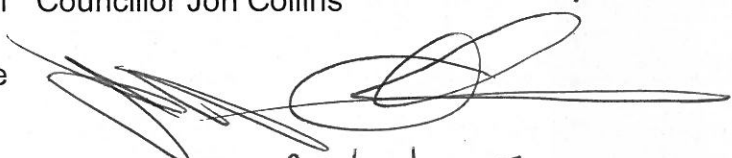
**Exempt/Confidential
report**

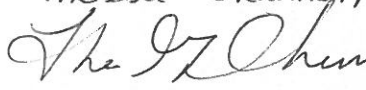
Tender Evaluation Summary Report (AECOM 30 April 2015)

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Corporate Director or authorised colleague (Print name)	David Bishop	Date:	28-5-15
Signature			
Leader of the Council	Councillor Jon Collins	Date:	29.5.15
Signature			
Date Published: 29/05/2015		Last Date for Call-in: N/A	

Theresa Channell

 HEAD OF STRATEGIC FINANCE

29.05.15