

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	2361
Author:	Ian Vernalls
Department:	Chief Executives Group
Contact:	Ian Vernalls (Job Title: Programme Manager, Email: ian.vernalls@nottinghamcity.gov.uk , Phone: 01158763475)
Subject:	Bioscience Extension - Funding Envelope Revisions
Total Value:	£950,000 (Type: Capital)
Decision Being Taken:	To increase the maximum capital spend for the project by £950,000 (to £31.95m) to cover the cost of fume cupboards and other tenant fit out works procured as part of the contract, the cost of which will be repaid to the Council by the tenants and amend the Capital Programme accordingly.
Reasons for the Decision(s)	<p>LKD 1944 approved the development of the Biocity site and the financial parameters in which it must operate - including a total capital spend of £31.0m. The report also detailed how the head lessee and sub-tenants would have the ability to influence the final design and fit of the building provided that they paid for the cost of those works.</p> <p>Subsequent to the LKD, Biocity Nottingham (the head lessee) and Sygnature Discovery (lead tenant) have requested various design and internal fit alteration including the 77 fume cupboards and floor alterations.</p> <p>This report seeks approval to increase the capital allocation for the project to enable contracts for fume cupboards and other works to be placed. Repayment of these sums will be made in full either at completion or through enhanced rental payments in line with an agreed formulae set out in the Agreement for Lease.</p>
Other Options Considered:	Not to increase spending approval - then only limited orders could be placed from the project contingency before this is diminished to unreasonable levels. This would heighten the risk of the building not being completed to a sufficient level for the anchor tenant to occupy.
Background Papers:	None

Published Works:	Leaders Key Decision 1944 'Bioscience Expansion Project' 16 April 2015
Affected Wards:	Dales
Colleague / Councillor Interests:	None
Consultations:	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	The development will create safer neighbourhoods by improving the quality of the built environment which will in turn reduce crime and the fear of crime.
Equality:	EIA not required. Reasons: An EIA statement is not required. It is worth noting however that the construction contract has been let through the SCAPE framework. The framework contains key performance indicators in respect of local labour and training which will be of benefit to Nottingham citizens
Relates to Council Property Assets:	Yes
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	09/03/2016
Advice Sought:	Legal, Finance, Property
Legal Advice:	This advice raises no significant issues. The variation is a modification to the contract which is permitted in accordance with the relevant EU procurement rules. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 28/01/2016.

Finance Advice:

In April 2015 Leaders Key Decision 1944 approved the total cost of the Bio City project at £31m with the condition that prudential borrowing would not exceed £25m. The capital programme was amended accordingly.

Subsequently the tenants have requested some addition design and internal fit alternations to the contract the most significant of which is 77 fume cupboards, the estimated cost of these amendments is c£0.950m and will be funded directly by the tenants either by one off payments in full or through additional rental. The latter payments would only be progressed if the enhanced rental payments are in-line with the agreed formulae set out in the lease agreements and did not have a detrimental effect on the Council.

These additional works will only be agreed and carried out if the tenants enter into an agreement to pay the costs in full, therefore there will be no change to the maximum borrowing requirements of £25.000m as approved in April 2015.

The capital programme will be amended for a total project cost of £31.950m, with additional funding applying from external contributions. The increase will therefore, have no net impact on the overall capital programme.

Advice provided by Tina Adams (Capital and taxation Manager) on 27/01/2016.

Property Advice:

Property have no objection on the basis that the additional sum required is for tenants fit out works. The cost will be repaid in full by the tenants at completion or through enhanced rental payments in line with an agreed formulae set out in the Agreement for Lease.

Advice provided by Pippa Hall (Portfolio and Investment Manager) on 03/02/2016.

Signatures

Jon Collins (Leader & PH Strategic Regeneration & Development)
SIGNED and Dated: 02/03/2016
David Bishop (Deputy CE, CD for Development and Growth)
SIGNED and Dated: 29/02/2016