

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

2519

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Department:

Development

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Subject:

Island Site - consultancy fees to support Compulsory Purchase Order (CPO) business case

Total Value:

£190,000 (Type: Revenue)

Decision Being Taken:

To note the progress, actions required and project plan leading to a Compulsory Purchase Order (CPO) of the Island Site.
To approve the use of external consultants including Igloo Regeneration Ltd and BWB Consulting Ltd to undertake consultancy work to develop the Council's business case for a CPO.
To approve a budget of up to £190,000 to cover professional fees leading to a robust business case. This will inform future decisions to proceed with appointing a developer partner, developing an outline planning permission and the making of a CPO, subject to approvals and further funds being identified.
To approve dispensation from Contract Procedure Rule 5.1.2 in accordance with Financial Regulation 3.29 to award initial contracts directly to BWB Consulting Ltd and Igloo Regeneration Ltd in view of their previous extensive knowledge of the site.
To delegate authority to the Deputy Chief Executive/Corporate Director for Development and Growth to procure further contracts and appoint other external advisors (including legal advice) as necessary for the statutory processes from appropriate frameworks, noting that delegated decision eForms will need to be completed.

Reasons for the Decision(s)

The Island Site is a large and important strategic regeneration site in central Nottingham. Development of the site for mixed residential and employment use is important for the Council to realise its housing delivery targets and to satisfy projected office demand.

The site is largely cleared and has remained derelict and undeveloped for a number of years. The site was advertised for sale in late 2014 but to this date no purchase has yet been announced or completed. Despite The Council providing support and encouraging development the owner of the site has not made any meaningful progress toward developing the site and the Planning Permission granted in 2008 has now lapsed.

In December 2014 NCC Executive Board agreed to Delegate Authority to the Deputy Chief Executive/Corporate Director for Development and Growth in consultation with the Leader/Portfolio Holder for Strategic Regeneration and Schools to commence the CPO process, to gain ownership and to bring forward development of the site for housing and employment purposes, and allocated £75,000 to cover initial costs.

Initial work has produced advice on a CPO strategy, a new masterplan for the site (completed in August 2015) and a Supplementary Planning Document (SPD) has been drafted, consulted on and was adopted by the Council in April 2016. The masterplan proposes an employment-led, mixed use development incorporating:

- Residential; over 500 high quality apartments
- 66,000 sqm of quality business space including grade A offices, research & development use and provision of further life-sciences expansion.
- Around 5,000 sqm of supporting commercial uses
- Innovative re-use of the existing heritage assets of the Great Northern and James Alexander Warehouses
- 2.6 ha of light industrial provision or similar lower density development in less prominent locations
- High quality public realm and a network of new and improved streets, cycle routes and footpaths

A financial appraisal has also been completed to assess the viability of this masterplan and this has been independently tested and reviewed by the valuations agency. The appraisal is outlined in the exempt financial appendix.

The following actions are proposed:

1. Confirm abnormal costs and refine masterplan
2. Soft market testing exercise to inform masterplan and developer interest.
3. Determine partner procurement strategy.
4. Secure legal capacity as required to support pre-hearing CPO work.
5. Investigate funding options
6. Complete business plan
7. Subject to approval, obtain outline or hybrid planning consent.
8. Maximise publicity opportunities

In order to further develop a business case for acquisition it is necessary to better understand the abnormal costs, including land remediation and infrastructure. To this end it is proposed to appoint BWB Consulting to undertake a geo-environmental assessment and subsequent site investigation (SI) works, along with initial utilities and traffic assessments. BWB Consulting produced similar information in support of the previous planning permission and with their extensive knowledge of the site are considered best placed to undertake this work.

Revisions to the masterplan and subsequent amendments to viability appraisals will be required to further develop the business case and will lead towards an outline or hybrid planning submission. In view of their previous knowledge of the site and their work to date on the masterplan it is proposed to directly appoint Igloo Regeneration Ltd (who will work in partnership with Urbed urban design) to carry out this initial work. Further approval will be sought prior to embarking on an outline submission, as a procurement strategy will influence this work.

It is proposed to undertake soft market testing with developers who have expressed an interest in the site to further inform the Council's business case.

These actions show a determination by the Council to bring forward development of the site and appropriate media coverage is planned.

A subsequent report showing the refined business case for acquisition of the site will be completed for further consideration and decision by the Executive Board prior to any partner procurement or development of an outline planning submission. This is expected to be completed by October 2016.

Other Options Considered:

Doing nothing and giving the current owner more time to move forward development or dispose of the site to a third party was rejected as there is no evidence that this would result in any positive progress. The site was advertised for sale in October 2014 and at this date no sale has yet been concluded. The Council is concerned that a sale at an inflated price may result in a new owner being unable to deliver a viable scheme.

Acquiring the land by agreement. The Council submitted a bid for the site when the sale was announced. The Council considered that its bid represented the maximum value for the site in order to be able to deliver a viable scheme, but the Council's bid was unsuccessful.

Working in partnership with the current owner was rejected as the Council has historically been supportive of the owner's attempts at moving forward development and the lack of progress on both the Island Site and neglect of other sites in the City managed by the same party have resulted in the Council believing this is not a viable option.

Background Papers:

Published Works:

Nottingham City Council's Executive Board report 16 December 2014

Affected Wards:

Citywide

Colleague / Councillor Interests:

None

Any Information Exempt from publication:

Yes

Dispensation from Financial Regulations:

Yes

Exempt Information:

Description of what is exempt:

The contractual arrangements relating to appointment of consultants and information relating to the Council's business case for acquisition of the site.

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because it contains commercially sensitive details of contractual arrangements and information relating to the Council's business case for acquisition.

Documents exempt from publication:

Exempt Financial Appendix v0.4.docx

Use of Consultants

Number of Days:0

Rate per Day:0

Total value:190000

Start date:01/06/2016

End date:27/09/2019

Reason for using a consultant:

Specialist advice on remediation and infrastructure required to support business case and inform environmental assessment for planning application. This is specialist advice that the Council does not have the necessary expertise to provide.

Revisions to masterplan and appraisal advice required in conjunction with above - in order to ensure transparency and properly inform the Council's business case, robust external appraisal advice is required. The Council does not have the resources to carry out the masterplanning detail work required.

Two consultants are therefore to be appointed, BWB Consulting Ltd (BWB) and Igloo Regeneration Ltd (IRL)

Other options considered:

The Council does not have the resources to carry out this work in house.

Procurement exercises could be undertaken but this would add delay to the process and an uninformed bid on costs for the Site Investigation (SI) works may be made by other parties who do not have access to previous detailed information.

Name of consultant:

1) BWB Consulting Ltd, 2) Igloo Regeneration Ltd

Reason for selection?

Previous extensive knowledge of the site and the masterplan.

Has the consultant previously completed work for the City Council?

Yes BWB Consulting have been used by colleagues in Transport Policy for several schemes.

Igloo Regeneration Ltd are the operational arm of Blueprint and as such developed the Masterplan for the Island Site in conjunction with Urbed, as well as the viability appraisals.

Specific activities to be undertaken by the consultant are:

BWB. Geo-environmental survey, UXO assessment, Utilities Assessment, Site Investigation Works, Transport assessment.

IRL. Revisions to masterplan, revised appraisals and overall support advice on planning/design associated with maximising business case.

Period of engagement:

May 2016 - September 2016

By what process was the consultant selected?

See above.
It is proposed to appoint both consultants directly. This will require dispensation from Contract Procedure Rule 5.1.2 in accordance with Financial Regulation 3.29 as part of this decision.

Consultations:

Date: 07/06/2016
Other City Council Bodies: Strategic Regeneration Board
Approved the processes being undertaken leading to a CPO including this delegated decision for signature by the Leader of the Council as Portfolio Holder for Strategic Regeneration.

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

The site has a history of attracting anti-social behaviour and it's derelict appearance blights regeneration potential in the East Side area. Intervention will seek to address this as well as creating employment and housing opportunities for the benefit of Nottingham City citizens and businesses.

Equality:

EIA not required. Reasons: This funding will refine the Council's business case - a further approval will be required prior to any commitment to acquire the site. An EIA was undertaken as part of the emerging Local Plan (which now includes the SPD) and can be viewed at www.nottinghamcity.gov.uk/localplan

Regard for NHS Constitution:

Local authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions, we have properly considered the NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.

Relates to staffing:

Yes

Decision Type:

Portfolio Holder

Subject to Call In:

No
The call-in procedure does not apply to the proposed decision because the delay likely to be caused by the call in process would seriously prejudice the Council's or the public's interests. The Chair of the Overview and Scrutiny Committee (or Vice-Chair) in his/her absence has been consulted and agreed both that the decision proposed is reasonable in all circumstances and that it should be treated as a matter of urgency.

Person Consulted: Councillor Brian Parbutt
Consultation Date: 09/06/2016

It is in the Council's interest to publish this decision in a timely manner to coincide with a press release relating to a number of actions that the Council is currently undertaking to bring forward development of this site.

Advice Sought:

Legal, Finance, Procurement, Human Resources

Legal Advice:

Provided that the Procurement Advice (set out below) is followed then the proposed decision raises no significant legal issues and is supported. Advice provided by Malcolm Townroe (Legal Services Manager) on 09/06/2016.

Finance Advice:

This decision seeks approval to spend £0.190m on professional fees leading to a robust business case in respect of the Island Site. The outcome of the business case will be subject to a further approval if applicable.

The expenditure will be funded from an earmarked reserve "The Feasibility Fund" established for strategic and regeneration sites such as this.

For operational reasons, approval is sought for dispensation from Contract Procedure Rule 5.1.2 in accordance with financial regulation 3.29 to award the initial contracts to BWB Consulting Limited and Igloo Regeneration due to their extensive knowledge of the site.

Advice provided by Maria Balchin (Finance Analyst) on 09/06/2016.

Procurement Advice:

Dispensation from CPR 5.1.2 is required in accordance with the Council's Financial Regulations for the engagement of BWB and Igloo Regeneration. Care should be taken to ensure that these costs do not escalate beyond the EU threshold for Services £164,176. Any additional requirements will need to be procured in-line with Public Contract Regulations. Advice provided by Sue Oliver (Category Manager - Procurement) on 06/06/2016.

HR Advice:

Specialist advice is not currently available within the Council therefore the use of consultants to scope the business case is necessary. It is noted that Development and Growth use a large number of consultants, and while this won't affect this request, it is being reviewed across the Department to identify whether staff can be employed directly to save costs. Advice provided by Hannah Gemmill (HR Business Partner) on 07/06/2016.

Signatures:

Jon Collins (Leader of the Council)

SIGNED and Dated: 29/06/2016

Jon Collins (Leader & PH Strategic Regeneration)

SIGNED and Dated: 29/06/2016

David Bishop (Deputy CE, CD for Development and Growth)

SIGNED and Dated: 27/06/2016

Theresa Channell (Head of Corporate and Strategic Finance) - Dispensation from Financial Regulations

SIGNED and Dated: 22/06/2016

Chief Finance Officer's Comments: