

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

2757

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Department:

Development

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Subject:

Additional funding for the redevelopment of Stepney Court Independent Living Scheme and Strelley Road Library

Total Value:

£942,000

(Type: Capital)

Decision Being Taken:

1. To endorse the changes to the Strelley Library and Independent Living Scheme at a revised scheme cost of £6.031 million.
2. To increase the Public Sector Housing Programme "Aspley JSC / Stepney Court - New Build" scheme by £0.942m to a total value of £4.587m.
3. To approve the appointment of Nottingham City Homes for the design and rebuild of 37 independent living units and library within the funding envelope of £4.678 million.
4. To approve the procurement of goods and services for the purpose of the supply and fitting of furniture and equipment of the library and tenant communal room, subject to tenders being returned within the funding envelope of £0.150 million.
5. To note the intention that the current revenue budgets for Strelley library are ring-fenced to cover operating costs when the new library opens.
6. To delegate authority to the Corporate Director for Development and Growth, in consultation with the Project Group to agree expenditure of the mine shaft contingency of £0.200 million should this prove to be necessary.

Reasons for the Decision(s)

Approval for the redevelopment of Stepney Court Independent Living Units and Strelley Road Neighbourhood Joint Service Centre was granted by the Council's Executive Board on 17 June 2014. The total cost of the scheme was calculated on the basis of market rates and benchmarking costs against similar developments.

Following a robust tendering exercise, Geda were appointed by Nottingham City Homes from the Efficiency East Midlands framework to conduct detailed design. The Council's Project Assurance Group (PAG) reviewed the scheme in September 2016 (when detailed designs and costs were available and before procurement). The PAG recommended that the Business Case be updated to address the viability of the proposed operating model and current strategic need. Following councillor consultation, the scheme has been amended to remove the housing office and replace with an additional six independent Living units accordingly. This will reduce the running costs for library services (from that previously estimated) and increase the rental income for Housing Revenue Account. Revised prices for the amended scheme have been received from Geda accordingly.

The funding sources for the additional expenditure are shown in the Finance Comments.

The removal of the office accommodation on the ground floor (in the previous plans) has reduced the estimated running costs of the library and Public space. The building will be managed as part of the HRA account. The costs associated with on going repair maintenance of the Library and Independent Living scheme will be apportioned, running costs will be separately metered for the Library with regard to utilities. Overall there is still an increase in running costs due mainly to the increase in business rates.

Other Options Considered:

The options considered in the original Business Case were:

Do Nothing Option
Decommission, demolish and rebuild both the Library, Housing Office and 31 units at the Independent Living Scheme.

Refurbishment of existing Library and Housing Office in partnership with NCH and incorporation of a campus approach with Broxtowe Children's Centre

Refurbishment and extension of Library and Housing Office in partnership with NCH and Police and incorporation of a campus approach with Broxtowe Children's Centre

Refurbishment and extension of Library and Housing Office in partnership with NCH, Police and Health and incorporation of a campus approach with Broxtowe Children's Centre

Rebuild of Library and Housing Office to include NCH, Police and Children's Centre

Relocation of the Children's Centre functions to other facilities and utilising the existing Children's Centre as the home for the 'neighbourhood JSC.

These have been discounted for the reasons given above and in previous reports.

Background Papers:

None.

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| Published Works: | Delegated Decision 2682. Executive Board Report June 2014 'Redevelopment of Stepney Court Independent Living Scheme and Strelley Road Neighbourhood Joint Service Centre (JSC). |
| Affected Wards: | Aspley, Bilborough |
| Colleague / Councillor Interests: | None. |
| Consultations: | <p>Date: 16/11/2016</p> <p>Area Committees: Area 3: Aspley, Bilborough and Leen Valley</p> <p>Verbal update on the redesign following Project Assurance Group and revised plans</p> |
| | <p>Date: 22/03/2016</p> <p>Other City Council Bodies:Councillor Graham Chapman Councillor Alan Clark Councillor David Trimble Councillor Jane Urquhart Councillor Alex Ball</p> |
| | <p>Steer given to appoint Geda for detailed design and construction following the tender process. Geda have completed detailed design and a contract will be drawn up for the construction work.</p> <p>07/11/2016 - Steer given to redesign the ground floor without office accommodation following Project Assurance Group (PAG) review to reduce running costs and increase the number of flats</p> <p>13/12/2016 - Agreement to proceed with revised designs</p> |
| | Those not consulted are not directly affected by the decision. |
| Crime and Disorder Implications: | The development will create better connected and safer neighbourhoods by improving the quality of the built environment and through the Secure By Design framework. This will help to both reduce crime and the fear of crime |
| Equality: | Please login to the system to view the EIA document: EIA Stepney Court and Library- Dec 16.doc |
| Social Value Considerations: | Social value considerations were taken into account as part the Executive Board report in 2014. |
| Relates to Council Property Assets: | Yes |

Decision Type: Portfolio Holder

Subject to Call In: Yes

Call In Expiry date: 06/03/2017

Advice Sought: Legal, Finance, Procurement, Equality and Diversity, Property

Legal Advice: This report authorizes the appointment of Nottingham City Homes ('NCH') to deliver the Strelley Library and Independent Living Scheme. The City Council can make a direct award to NCH as NCH benefits from the Teckal procurement exemption. The City Council needs to put in place appropriate documentation with NCH to deliver the scheme as the Partnership agreement with NCH is unlikely to be sufficient - in particular the documentation needs to ensure the City Council has the benefit of guarantees and warranties in respect to the homes constructed. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 21/02/2017.

Finance Advice: Approval was granted at Executive Board in July 2014 to develop Strelley Joint Service Centre and Independent Living Scheme with 30 flats at a cost of £4.991m. An additional £0.098m to fund demolition was approved by Executive Board on 22 December 2015. This decision seeks approval to increase the expenditure by a further £0.942m, i.e. £6.031m in total, following a tender exercise and completion of detailed designs, which include the removal of the housing office and the addition of 6 further flats.

The council has been awarded £0.690m of Care and Support Specialised Housing Funding grant by the HCA towards the 31 flats within the independent living scheme (approved in Portfolio Holder Decisions 2682, December 2016). The 6 additional flats count as eligible expenditure for RTB "1-4-1" retained capital receipts, therefore a further £0.225m can be funded from "1-4-1" receipts. The remaining £0.027m can be funded by utilising the Public Sector Housing Capital Programme "New Build Unallocated" line. The additional expenditure on the scheme does not require any increase in resources in order to include it within the Public Sector Housing Capital Programme as it is financed from grant and existing resources.

The "1-4-1" retained receipts must be spent in accordance with the Agreement (pursuant to Section 11(6) of the Local Government Act 2003) signed by the Council and the Department for Communities and Local Government on 26th June 2012. The use of the receipts for this scheme would be in accordance with the Agreement including being spent within the timescale required and will ensure that the "1-4-1" retained receipts can be retained by the council and not returned to central government.

Advice provided by Julie Dorrington (Senior Accountant(Housing Revenue Account)) on 04/01/2017.

The annual running costs for the new library increase by £19.6k due to the Business Rates revaluation. This increase will be considered in the context of the overall business rates charges within the library service, the Sports & Culture directorate and the Council as a whole. As there is a time lag between the old library closing and the new library becoming operational, budget managers holding revenue budgets for Strelley library must ring-fence these resources to meet future costs when the new library opens such as utility, cleaning costs etc.

Advice provided by Maria Balchin (Senior Commercial Business Partner) on 05/01/2017.

Procurement Advice:

**Based on Legal Services advice that the award to NCH is exempt from procurement regulations under Teckal, there are no significant issues with this.
Any further procurement activity must, however, be carried out in accordance with procedure rules and Public Contracts Regulations, as appropriate. Advice provided by Sue Oliver (Category Manager - Procurement) on 21/02/2017.**

Equality and Diversity Advice:

The proposal meets the spirit of the Equality Act to eliminate discrimination and its success will be based on the continued consultation with citizens to ensure that the outcomes identified are realised. Advice provided by Adisa Djan (Equalities and Diversity Consultant) on 04/01/2017.

Property Advice:

**There will need to be clarity which is agreed and confirmed with regard to the apportionment of future internal and external maintenance between libraries and NCH.
On-going Lifecycle costs have not been included in the finance cost for the future replacement cost of the building and these need to be considered with regard to future budget allocation for the Library. Consideration should be given to incorporating these for consideration into any future development schemes.

Advice provided by Christine Read (Property Business Partner) on 13/02/2017.**

Signatures

**Jane Urquhart (Portfolio Holder for Planning and Housing)
SIGNED and Dated: 23/02/2017
David Bishop (Deputy CE, CD for Development and Growth)
SIGNED and Dated: 23/02/2017**