

**EXECUTIVE BOARD – 18th December 2018**

<b>Subject:</b>	Broadmarsh Car Park Development and New Library
<b>Corporate Director(s)/Director(s):</b>	David Bishop, Deputy Chief Executive, Director of Development Andy Vaughan, Corporate Director for Commercial and Operations Chris Deas, Director of Major Projects Hugh White, Director of Sport and Culture
<b>Portfolio Holder(s):</b>	Councillor Jon Collins, Leader of the Council/Portfolio Holder for Regeneration and Growth Councillor Dave Trimble, Portfolio Holder for Leisure and Localities
<b>Report author and contact details:</b>	Chris Deas, Director of Major Projects Email: chris.deas@nottinghamcity.gov.uk Tel: 0115 987 63758
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes	
<b>Criteria for Key Decision:</b>	
(a) <input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
<b>and/or</b>	
(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	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
<b>Total value of the decision:</b> Contained within exempt appendix	
<b>Wards affected:</b> All	
<b>Date of consultation with Portfolio Holder(s):</b> 13 <sup>th</sup> November 2018	
<b>Relevant Council Plan Key Theme:</b>	
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"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
This report seeks approval to commence the Broadmarsh Car Park (BMCP) development to create a new car park, bus station, library and complementary retail. The BMCP development is an integral part of the wider Broadmarsh programme which will deliver significant regeneration in the southern part of the City.	
<b>Exempt information:</b> Appendices 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.	
<b>Recommendation(s):</b>	
1 To approve the award of the BMCP development construction contract to the highest scoring bidder.	

2	To delegate authority to Director of Major Projects to accept the Local Growth Fund funding when confirmed.
3	To note the amended scope to include the Library shell and core and the revised project costs as set out in Exempt Appendix D, and amending the capital programme accordingly
4	<p>To approve the library outline business case and subject to remaining within the funding envelope to delegate authority to the Corporate Director for Commercial and Operations in consultation with the Portfolio Holder for Leisure and Localities to:</p> <ol style="list-style-type: none"> <li>a. Finalise the business case;</li> <li>b. Commence a procurement for the library fit out; and</li> <li>c. On completion award the contract to the contractor offering the most economically advantageous tender.</li> </ol>
5	To approve the lease and licence arrangements for the BMCP development as set out in Exempt Appendix F
6.	To approve the ongoing project resourcing required to deliver the development and the above works as set out in Exempt Appendix D
7.	To delegate authority to the Director of Major Projects, in consultation with the Portfolio Holder for Regeneration and Growth, to agree any amendments to this scheme, subject to such amendments remaining within the financial envelope at Appendix D

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The recommendations will enable the BMCP development, incorporating a new library, to be achieved.

## **2 BACKGROUND**

- 2.1 As part of it's wider Growth Plan, the Council has been progressing 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 now commenced and transformation of the Castle is progressing well. The next major projects to commence will be the BMCP and Broadmarsh Shopping Centre (BMSC) developments.

- 2.3 Procurement of the BMCP development construction contract is substantially completed, and a decision on awarding the contract, including the incorporation of a new library, now needs 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 BMSC 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 Car

Park and bus station 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, 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 1<sup>st</sup> 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 22<sup>nd</sup> February 2017 and resolved at the 31<sup>st</sup> July 2018 Executive Board to commence the BMCP development subject to procurement being finalised in accordance with the project business case, including the approved financial model.
- 2.9 The opportunity to establish a new library in the BMCP development has also been progressed. This has included a very positive public consultation. More details on the results of this consultation are included in Appendix A. Following the public consultation, a revised BMCP development planning application was submitted and planning permission was secured on the 21<sup>st</sup> November 2018. This provides approval to enable a new library to be included in the BMCP development.
- 2.10 The new library would be located within the BMCP development facing Collin St and Carrington St and include up-to-date facilities for a 21<sup>st</sup> Century central library. This new library would play a key role in Nottingham's work to improve literacy and would have a special emphasis on children and young people, looking to give them the best start in life. Reading and creativity are life skills that make a massive difference to young people's employment outcomes.
- 2.11 The financial case for developing a new library is based on the opportunity to cost effectively establish space for a library in the BMCP development and the receipt of a financial contribution from the redevelopment of the current Angel Row library site. Further details of the library outline business case are included in the exempt Appendix B
- 2.12 The procurement of the BMCP development has been undertaken through a competitive negotiated procedure. This has enabled tenderer proposals to be developed to incorporate a library 'shell and core' and four replacement Tanners Walk retail units. This procurement is now substantially complete and three strong, competitively priced bids have been received.
- 2.13 In addition to establishing the most value for money construction price and contract terms, £15m Local Growth Fund funding has also been secured from government through the Local Enterprise Partnership, which adds to monies previously awarded for the Bus Station upgrade. Formal approval is expected at the 20<sup>th</sup> December Infrastructure and Investment Board. As a result, the combination of grant, new car park and retail income and development receipts from the Angel Row library site has established a robust funding solution for the BMCP Development. Further details of the procurement and the BMCP final business case are included in exempt Appendix C.

- 2.14 To facilitate the BMCP development, amendments to current lease and licence arrangements with intu are proposed as set out in exempt Appendix C.
- 2.15 This report now seeks approval to award the BMCP development contract, including the library 'shell and core', which enables a library to be included in the development. Should approval be given to the commencement of the BMCP development it is expected to be complete in 2021.
- 2.16 This report seeks approval to progress the library fit out design and operating model, working with key stakeholders to ensure the design meets the objectives set out in paragraph 2.10. It also seeks approval to procure and award the fit out contract, subject to delegated approval of the final business case, including Council costs being within the financial envelope set out in exempt Appendix D.
- 2.17 The Library service is actively working with UNESCO City of Literature to pursue additional external sources of funding to assist with the overall library project. It is also developing a new operating model for the new Central Library as part of the detailed design process to support the ambition 'to be Britain's best Children's library' ensuring a long term sustainable Library network across the city.

### **BMCP Development**

- 2.16 The scope of the BMCP development includes the following within a bright, safe and clean environment:
- a 1226 space car park with dedicated accessible spaces, dedicated parent and child spaces, electric car charging spaces and a taxi drop off zone.
  - a 'shell and core' for a new public library.
  - 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 on Carrington Street and along the concourse area fronting onto the Bus Station.
  - digital media screens. Three panels situated on key entrances to the BMCP.
  - photovoltaic panels situated on the roof of the building to feed into the operational power demand of the new building
  - secure cycle parking.
  - four replacement Tanners Walk retail units.

### **Strategic Context**

- 2.17 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.

- 2.18 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.
- 2.19 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.
- 2.20 The Chair of the Overview and Scrutiny Committee was consulted on 23<sup>rd</sup> November 2018. The Chair agreed to exempt this decision from the call-in procedure due to the risk of increased contract costs that would be incurred if the contract is not let as soon as possible after Executive Board take this decision.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 The following options have been considered:

- Do nothing – this has been 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. It is however recognised that the BMCP development will bring greatest benefit if all parts of the Broadmarsh regeneration programme, including the BMSC development, are also achieved.
- Delaying the start of the BMCP development until after the Broadmarsh shopping centre development is confirmed – this is 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. It is however now expected that the BMSC decision will be made in a similar timescale to the Council decision on the BMCP development.
- 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 and Procurement Advice – contained within exempt Appendix E

## **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 F

## **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 Risk Register contained in Appendix G. Key risks are as follows:

- Financial projections deteriorate due to:
  - increasing build costs during delivery;
  - projected income from car park, bus station, retail and digital screens is less than forecast
- User clauses in the amended leases/licences are found to be restrictive in construction or operating periods;
- Construction delay causing failure to deliver new development by longstop date agreed with intu leads to claims against the Council;
- Construction works interfere with BMSC trading;
- Not proceeding with this project thereby threatening the Shopping Centre scheme and the LEP funds essential for this project;
- Delay now leading to loss of tenderer interest and ultimately higher costs as a result

8.2 A risk mitigation plan is in place to actively manage these and other project risks.

8.3 A Project Appraisal Group (PAG) review has been undertaken and the PAG recommendations actioned.

## **9 EQUALITY IMPACT ASSESSMENT (EIA)**

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

Yes ✓

Attached as Appendix H 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:**

- A Library public consultation
- B **Confidential** - Library outline business case
- C **Confidential** - BMCP final business case
- D **Confidential** - Financial matters
- E **Confidential** - Legal matters
- F **Confidential** - Strategic Assets and Property matters
- G **Confidential** - Risk Register
- H Equality Impact Assessment